



Federal Accounting Standards Advisory Board

February 7, 2017

Memorandum

To: Members of the Board

From: Domenic N. Savini, Assistant Director

Through: Wendy M. Payne, Executive Director

MEMBER ACTIONS REQUESTED:

- Provide answers to the three questions beginning on page 35 by Friday, February 17th.

Subject: **UPDATE - Accounting and Reporting of Government Land Project¹ – Tab D**

MEETING OBJECTIVES

Review survey results addressing specific user opinions and information requirements, as well as data points needed by the user community regarding federal land. Identify broad options to improve reporting on land so that they can be considered in detail at the next meeting.

BRIEFING MATERIAL

This staff memorandum consists of a brief background of the October 2016 Board meeting, followed by an executive summary and accompanying detailed results of a user sub-group survey related to the accounting and reporting of federal land.

Attachment 1 incorporates results from (1) our 2016 Annual Report and Three-Year Plan survey responses regarding the Land Project, and (2) an April 2010 FASAB user needs survey, both conducted by Mr. Ross Simms. This information provides members with additional insight concerning relevant user needs and constituent comments. The aforementioned 2016 information can be found at TAB B and the 2010 survey results can be seen in its entirety at this link: <http://files.fasab.gov/pdf/files/tabqfin.pdf>.

Attachment 2 includes results from the land task force's June/July 2016 analysis of *User Needs and Preparer Burden*.

Lastly, at appendix 1 staff has included as optional reading material an Association of Government Accountant's report entitled, *What Do Citizens Want From Public Sector Reporting?* This report may assist members in better understanding what the public expects from government financial statement reporting.

Thank you and I look forward to our meeting.

¹ The staff prepares Board meeting materials to facilitate discussion of issues at the Board meeting. This material is presented for discussion purposes only; it is not intended to reflect authoritative views of FASAB or its staff. Official positions of FASAB are determined only after extensive due process and deliberations.

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BACKGROUND

BACKGROUND

At the October 2016 Board meeting members generally agreed on two major points: (1) greater clarity and uniformity over land reporting seems warranted and would foster greater transparency and (2) additional information is needed from users to help better guide deliberations.

Specifically, members noted (1) the importance of knowing how many acres an agency holds for the benefit of future generations, (2) acreage information seems to be the common denominator needed by most, if not all, users, (3) the presentation of unit information alone has limited value, (4) some level of audit assurance is needed, and (5) a better grasp of overall user needs, including those of Congress, is warranted to help mitigate or reduce agency burden. Also, some members expressed interest in better understanding the role of cost (land valuation) information and its relative importance to users.

There seems to be competing interests among users. Specifically, there are those users who desire better accountability over land reporting, users who desire specific property/parcel information for economic/financial exploitation, and users with local concerns over land holdings in their immediate jurisdictions.

Some members felt that in-depth deliberations could not commence until they had a broader understanding of user needs. However, other members noted that deliberations could begin by initially providing some clear guideposts or principles that were supported by task force discussions. For example, the Board could explore topics such as incorporation of non-financial information (NFI) maintained by agencies and where such information should reside in the financial statements—as basic information, Required Supplementary Information (RSI), or Other Information (OI). Additionally, members expressed that deliberations could also commence predicated on FASAB's reporting objectives. Simply put, discussions could be based on what the Board considers to be good reporting. For example, the Board could discuss reporting the total inventory of an agency's land holdings from the standpoint of what citizen-users expect from their government: accountability and stewardship.

In conclusion, members agreed to have staff broaden the user base and to obtain additional, or more specific, information requirements/data points needed by the user community to help better guide deliberations.

To that end, staff conducted outreach efforts and constructed a 12-question survey covering the following three major areas: using land information for decision making purposes, use of financial information in decision making, and use of non-financial information in decision making. A total of 15 users participated in the survey.

Key survey results are summarized beginning on the next page and user-group survey participants can be found beginning on page 30.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

In its Statement of Federal Financial Accounting Concepts (SFFAC) 1, *Objectives of Federal Financial Reporting*, the Board agreed that, in general, users of federal financial information fall into the following four categories: citizens, Congress, executives, and program managers. However, for information at the more highly summarized government-wide or consolidated level, the Board divided those four groups identified in SFFAC 1 into two major groups:² external users (citizens) and internal users (Congress, executives, and program managers). Consistent with the Board's summarized classification, staff reports the following concerning the user sub-group survey results:

15 Total Users - A total of 15 users participated in the survey.

- **8 external users** – The 8 external users responding to the survey consisted of 3 business consultants, an appraiser, economist, former state comptroller, and 2 academics/researchers.
- **7 internal users** – The 7 internal users responding to the survey consisted of 5 government program managers at the federal (3), state (1), and local (1) levels, and 2 congressional support personnel.

Key Survey Results³ –

1. 67% of the users (10 out of the 15 survey participants) rely on land information for decision making to a great or moderate extent.
2. 60% of the users (9 out of the 15 survey participants) use land information to make budgetary and performance related decisions, whereas financial related decisions are the least rated types of decisions made with land information.
3. 46% of the users (7 out of the 15 survey participants) rely equally on financial and NFI when making decisions; however, a significant number (40%) of users rely more on NFI.
4. 50% of the users (7 out of the 14 survey participants who answered this yes or no question) consider an entity's financial statements a relevant source of land information.

² SFFAC 1 notes challenges with this distinction. Paragraph 25 states: The FASAB, on the other hand, considers the information needs of both internal and external users. In part, this is because the distinction between internal and external users is in many ways less significant for the federal government than for other entities. Officials who in theory should have ready access to information often find in practice that it is not available. Factors that contribute to this problem include the size and complexity of the government, the rapid turnover among senior political executives compared with the time required to install information systems in large bureaucracies, and the division of authority in the federal government.

³ Minor differences in some of the reported percentages are due to rounding.

EXECUTIVE SUMMARY

5. 79% of the users (11 out of the 14 survey participants who answered this question) prefer using unaudited information that is already at the detailed level they require for analysis, as opposed to audited information requiring disaggregation.
6. 86% of the users (12 out of the 14 survey participants who answered this question) do not believe that the historical/acquisition cost approach is relevant or important to their decision making.
7. 73% of the users (11 out of the 15 survey participants) believe that land's fair (market) value adds to informational use in their decision making. Interestingly, congressional support personnel do not believe this to be true, unlike respondents who are academics.
8. 60% of the users (9 out of the 15 survey participants) will not rely or place limited reliance on a value-in-use estimate. Of note, 60% of program managers would either significantly or moderately rely on such estimates.
9. Users selected parcel-specific information, followed by broad acreage, predominant use, and land cover as the four most popular NFI data-points for use in their decision making.
10. 67% of the users (10 out of the 15 survey participants) agreed that their decision making would be moderately to significantly improved/aided by the use of the NFI identified in the survey. However, 60% of program managers stated that their decision making would be negligibly or not improved by the use of the NFI identified in the survey.
11. Other types of NFI reported by users that would be beneficial to them or other users include the following: (a) growth rates of certain markets and industries, (b) businesses (for example, Real Estate Invest Trusts) that have significant land holdings, (c) identification of those industries (for example, recreation/amusement) that tend to create more jobs and business opportunities for the public for comparable public utilities (for example, concession arrangements), and (d) the ratio of the number of businesses delivering product/service versus the population served.
12. Absent the use of land valuation information, one user suggested assessing opportunity costs by ascertaining quantity and quality improvement gains made in the private sector for comparable public utilities.

OUTREACH EFFORTS

OUTREACH EFFORTS

In an effort to broaden the user base, staff included an announcement in the October/November FASAB newsletter. Additionally, specific invitations to participate in the land task force's user sub-group went to individuals affiliated with the organizations listed below. Please note that FASAB staff consulted with the Government Accountability (GAO) Office of Congressional Affairs in identifying committees and key personnel to contact. Those organizations highlighted in red and followed by the respondent number responded to the survey and their results have been included in staff's analysis. For a complete list of survey respondents, please refer to the section titled, *User Sub-group Survey Participants*, beginning on page 30.

1. **Accenture/Former Massachusetts Comptroller (Respondent #10)**
2. **Auditor, State of Delaware**
3. **Borough of Metuchen, New Jersey (Respondent #3)**
4. **Government Finance Officers Association Economic Development and Capital Planning Committee**
5. **International Association of Assessing Officers**
6. **Kormendi / Gardner Partners**
7. **National Association of County Collectors Treasurers and Finance Officers**
8. **National Association of State Auditors, Comptrollers and Treasurers Committee on Accounting Reporting and Auditing (Respondent #15)**
9. **New York State Office of General Services, Bureau of Fixed Assets**
10. **Property & Environment and Research Center (Respondent #14)**
11. **State Auditor for Alabama**
12. **Texas A&M University (Respondent #8)**
13. **The Metis Group**
14. **The Trust for Public Land**
15. **University of South Carolina School of Law**
16. **House Committee on Appropriations. Interior, Environment, and Related Agencies Subcommittee.** Chair: Ken Calvert, California; Ranking Member: Betty McCollum, Minnesota
17. **Senate Committee on Appropriations. Interior, Environment, and Related Agencies Subcommittee.** Chair: Lisa Murkowski, Alaska; Ranking Member: Tom Udall, New Mexico

OUTREACH EFFORTS

18. **Senate Committee on Energy and Natural Resources.** Chair: Lisa Murkowski, Alaska; Ranking Member: Maria Cantwell, Washington

19. **House Committee on Natural Resources.** Chair: Rob Bishop, Utah; Ranking Member: Raúl M. Grijalva, Arizona

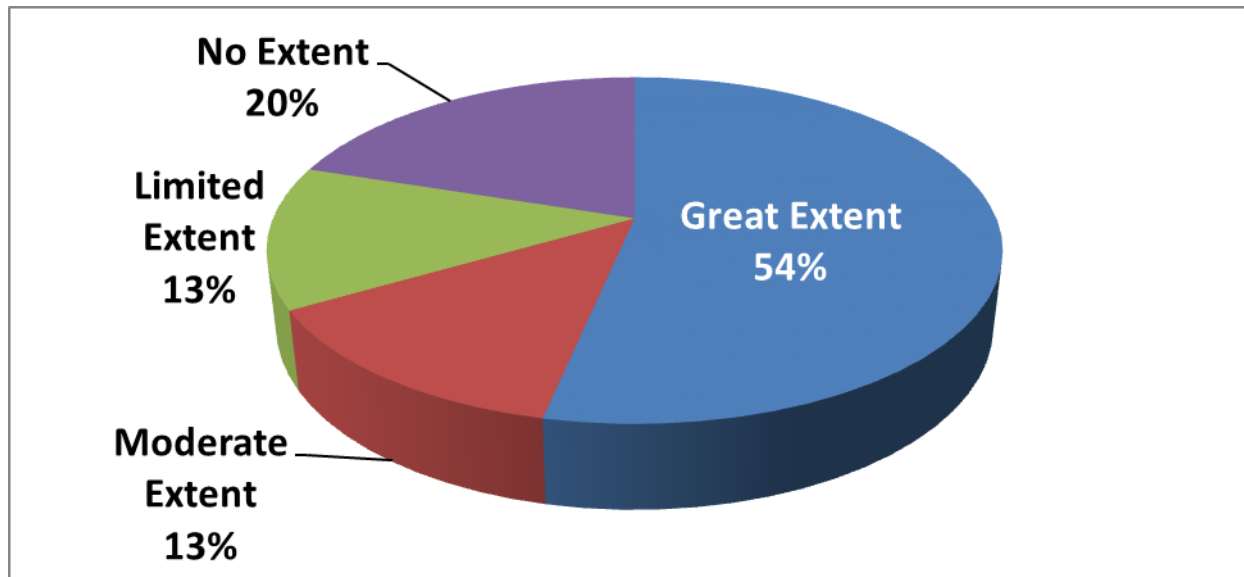
There are various reasons why the majority of organizations contacted above did not participate in the survey. The most common reasons given include (1) some did not use land information in their decision making, even though they are financial statement users, (2) some felt uncomfortable speaking on behalf of their entire organization, (3) others believed they were not cognizant enough of the accounting issues involved in federal land reporting to provide meaningful responses, and (4) some stated that answering the survey questions would be prejudicial to their organization's principles-based guidance.

As a result of the lower-than-expected response rate, staff (1) performed additional outreach efforts by using informal referrals obtained by both existing preparers and users serving on the task force, (2) incorporated our 2016 Annual Report and Three-Year Plan survey responses regarding the Land Project and an April 2010 FASAB *User Needs Survey*, both conducted by Mr. Ross Simms in the briefing materials, (3) included results from the land task force's June/July 2016 analysis of *User Needs and Preparer Burden*, and (4) included as optional reading material an Association of Government Accountants' report entitled *What Do Citizens Want From Public Sector Reporting?*

LAND USER SUB-GROUP SURVEY RESULTS

LAND USER SUB-GROUP SURVEY RESULTS

1. To what extent do you use or incorporate Land information in your decision making?



➤ 67% of users surveyed rely on land information for decision making to a great or moderate extent.

LAND USER SUB-GROUP SURVEY RESULTS

1. To what extent do you use or incorporate Land information in your decision making?

Program Managers



Business Consultants, etc.⁴



Congressional Support



Academics



- Of all users, program managers rely most on land information for decision making.
- Congressional support personnel rely on land information for decision making to a great or moderate extent.
- Academics rely on land information for decision making to a great extent.

Legend:



Moderate to Great Extent

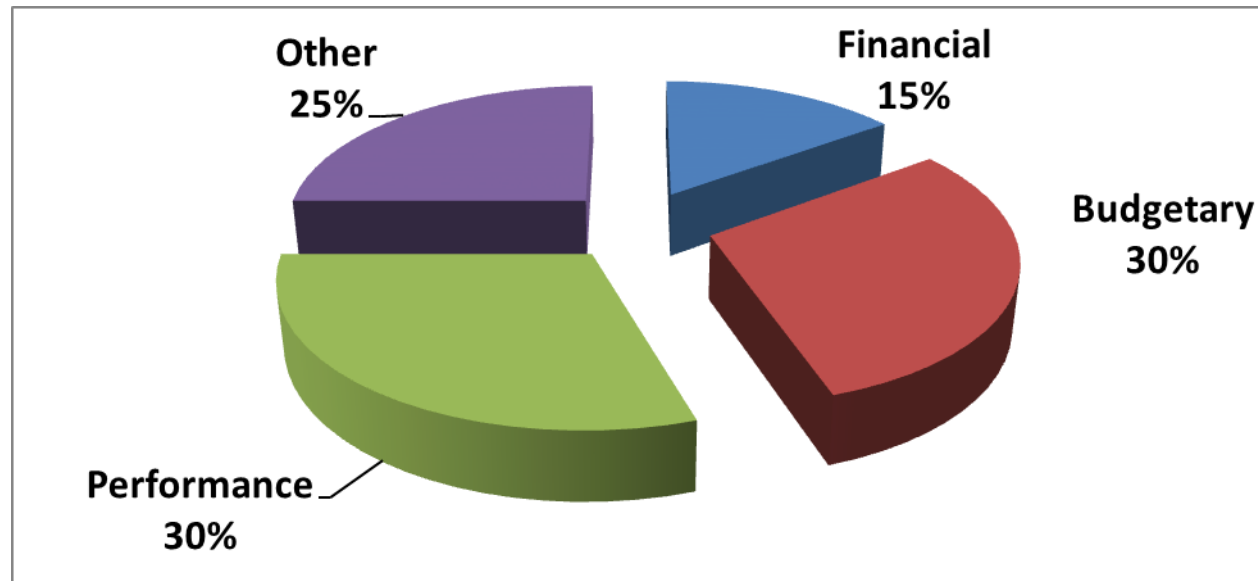


Limited to No Extent

⁴ Some business consultants report a dearth of land information or difficulty in obtaining it, thus preventing them from conducting certain analyses.

LAND USER SUB-GROUP SURVEY RESULTS

2. What types of decisions are made using land information?



- Budgetary and performance related decisions are the most common among users; 60%.
- Financial related decisions are the least rated types of decisions made with land information; 15%

LAND USER SUB-GROUP SURVEY RESULTS

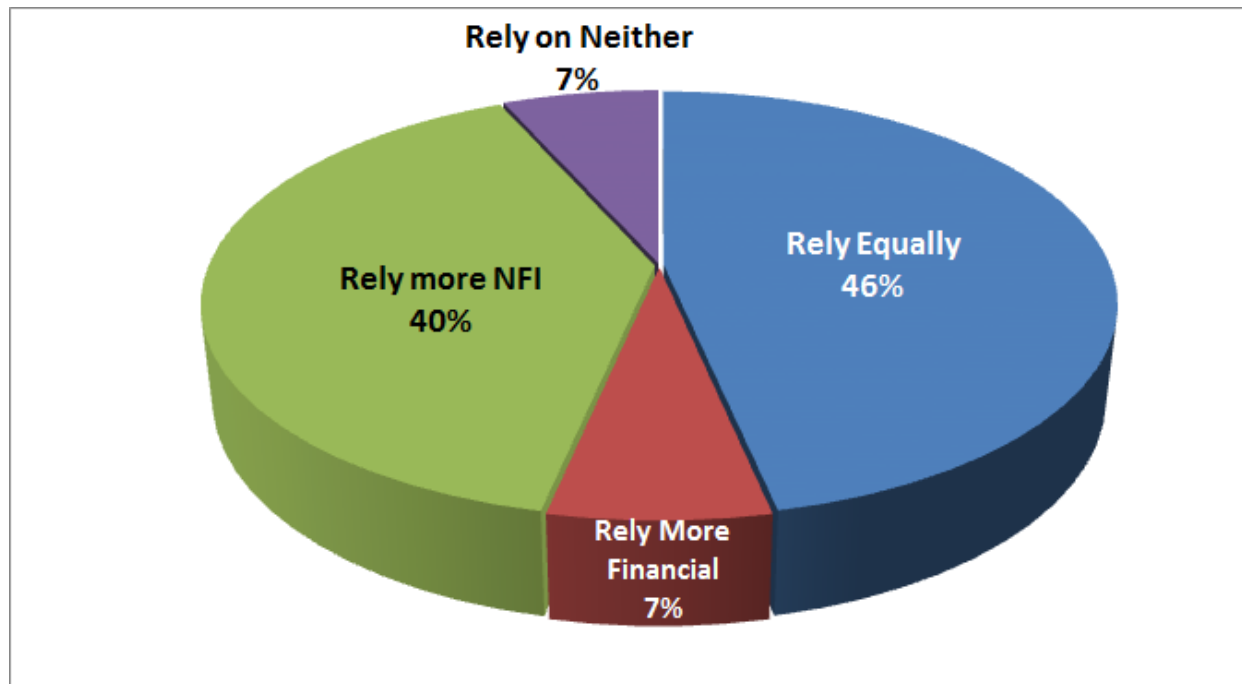
2. What types of decisions are made using land information?

	Program Managers	Business Consultants, etc.	Congressional Support	Academics
Financial	0.0%	25.0%	0.0%	25.0%
Budgetary	33.0%	25.0%	50.0%	25.0%
Performance	50.0%	25.0%	0.0%	25.0%
Other	17.0%	25.0%	50.0%	25.0%
Total	100.00%	100.00%	100.00%	100.00%

- **Business consultants, etc., and academics use land information evenly across the board when making decisions, whereas program managers use land information mostly for budgetary and performance decisions.**
- **Other uses for land information include: economic analysis, policy formulation, and basic research.**

LAND USER SUB-GROUP SURVEY RESULTS

3. Do you rely equally upon financial and non-financial information (NFI) concerning land or do you find one more relevant than the other in your decision making?



- 46% or roughly half of all users rely equally on financial and NFI information when making decisions.
- 40% of all users rely more on NFI.

LAND USER SUB-GROUP SURVEY RESULTS

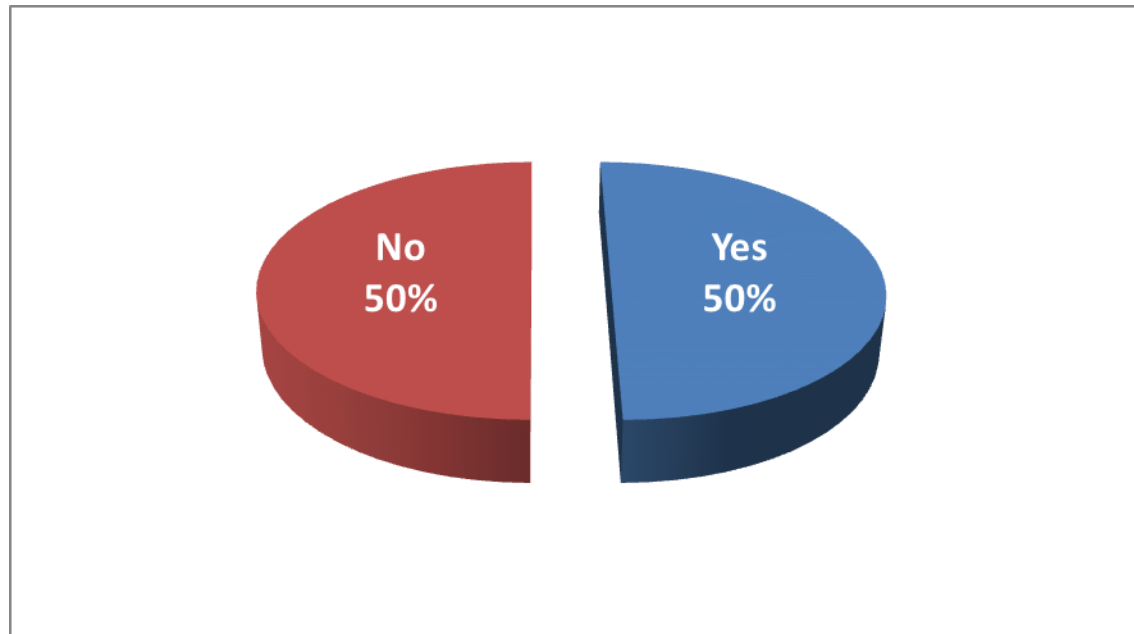
3. Do you rely equally upon financial and non-financial information (NFI) concerning land or do you find one more relevant than the other in your decision making?

	Program Managers	Business Consultants, etc.	Congressional Support	Academics
Rely Equally	20.0%	67.0%	0.0%	100.0%
Rely more Financial	0.0%	0.0%	50.0%	0.0%
Rely more NFI	80.0%	16.5%	50.0%	0.0%
Rely on Neither	0.0%	16.5%	0.0%	0.0%
Total	100.00%	100.00%	100.00%	100.00%

- **Business consultants, etc., and academics rely equally on financial and NFI information when making decisions, whereas program managers rely more on NFI.**
- **Congressional support personnel are split on this issue, with half relying more on financial and the other half relying more on NFI.**

LAND USER SUB-GROUP SURVEY RESULTS

- 4. Concerning the use of financial information (that is, land value), would you consider an entity's financial statements a relevant source? If not, what other sources would you turn to and why?**



- **Users who answered this question (yes or no) are fairly split with half stating that they do NOT consider an entity's financial statements a relevant source of land information.**

LAND USER SUB-GROUP SURVEY RESULTS

4. Concerning the use of financial information (that is, land value), would you consider an entity's financial statements a relevant source? If not, what other sources would you turn to and why?

Program Managers



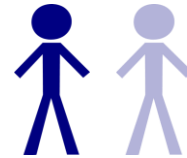
Business Consultants, etc.



Congressional Support – are split



Academics – are split



- 60% of the business consultants, etc., who answered this question (yes or no) consider an entity's financial statements a relevant source of land information, whereas the majority of program managers do not.

Legend:



Yes



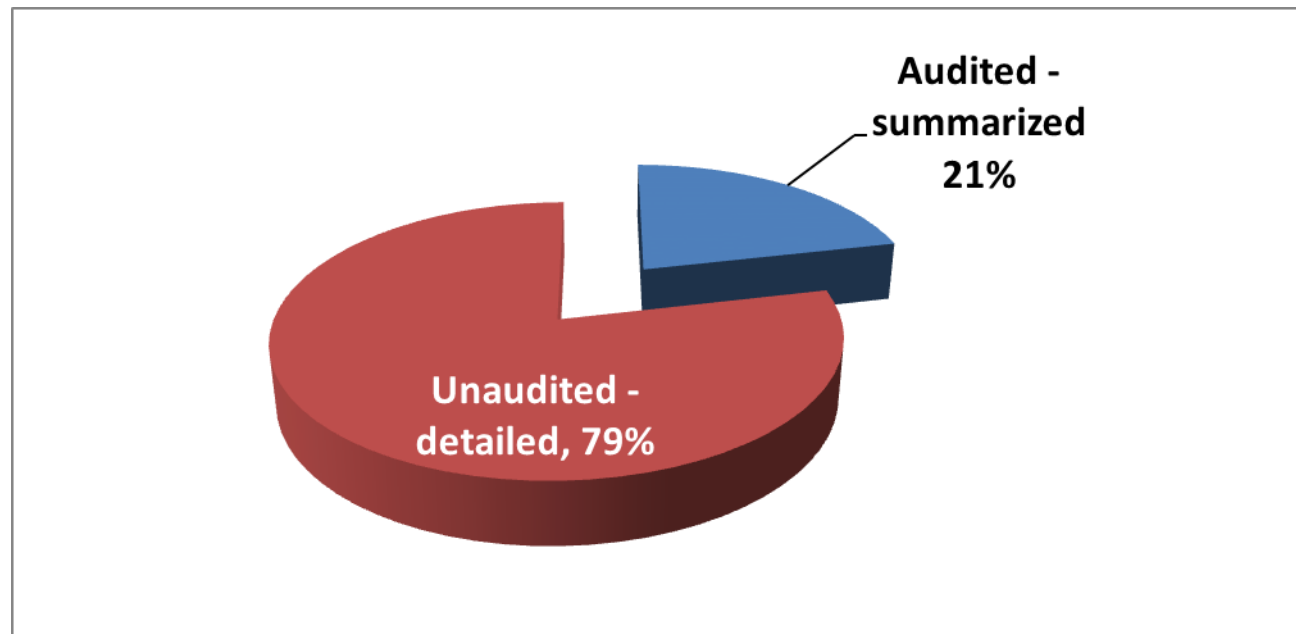
No



Other (this response omitted from results)

LAND USER SUB-GROUP SURVEY RESULTS

5. If you had a choice between using audited, highly summarized information that requires disaggregation/additional analysis on your part versus unaudited information that is already at the level of detail you require, which would you prefer?



- The majority of users (79%) in all groups who answered this question (except for Congressional support personnel) prefer using unaudited information that is already at the detailed level they require for analysis.
- Congressional support personnel are evenly split on this issue.

LAND USER SUB-GROUP SURVEY RESULTS

5. If you had a choice between using audited, highly summarized information that requires disaggregation/additional analysis on your part versus unaudited information that is already at the level of detail you require, which would you prefer?

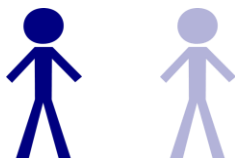
Program Managers – prefer unaudited



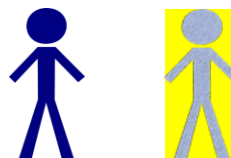
Business Consultants, etc. – prefer unaudited



Congressional Support – are split



Academics



Legend:



Prefer unaudited data that is already at the required level of detail



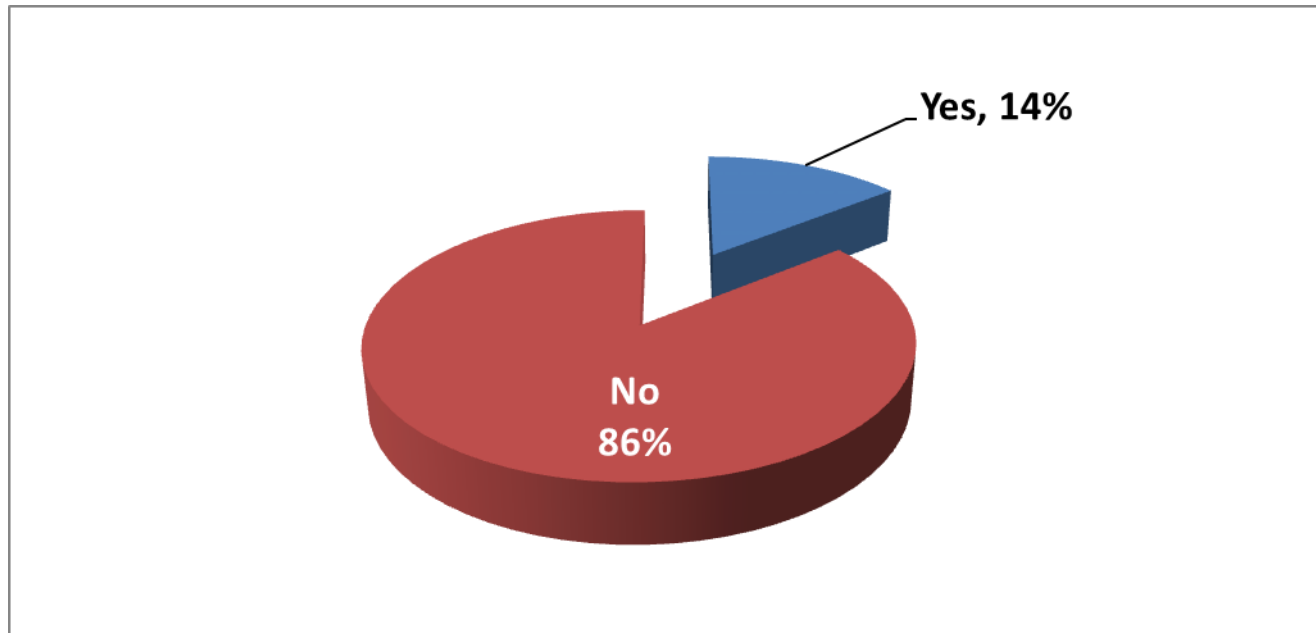
Prefer audited, highly summarized data requiring disaggregation/additional analysis



It Depends (this response omitted from results)

LAND USER SUB-GROUP SURVEY RESULTS

6. Financial statements tend to adopt an historical/acquisition cost approach when displaying land amounts. Do you consider such an approach to be relevant or important in your decision making?



- **86% of users do not believe that the historical/acquisition cost approach is relevant or important in their decision making.**
- **14% of users who do believe this information is relevant comprise program managers, business consultants, etc., and Congressional support personnel.**

LAND USER SUB-GROUP SURVEY RESULTS

6. Financial statements tend to adopt an historical/acquisition cost approach when displaying land amounts. Do you consider such an approach to be relevant or important in your decision making?

Program Managers – most say irrelevant



Business Consultants, etc. – most say irrelevant



?

Congressional Support – are split



Academics



- The 2 users who use historical/acquisition cost information do so for for analyzing such things as: the reasonableness of fair market value appraisals or other estimates of land's potential value, return on investment calculations, and lost opportunity costs.

Legend:



Yes



No

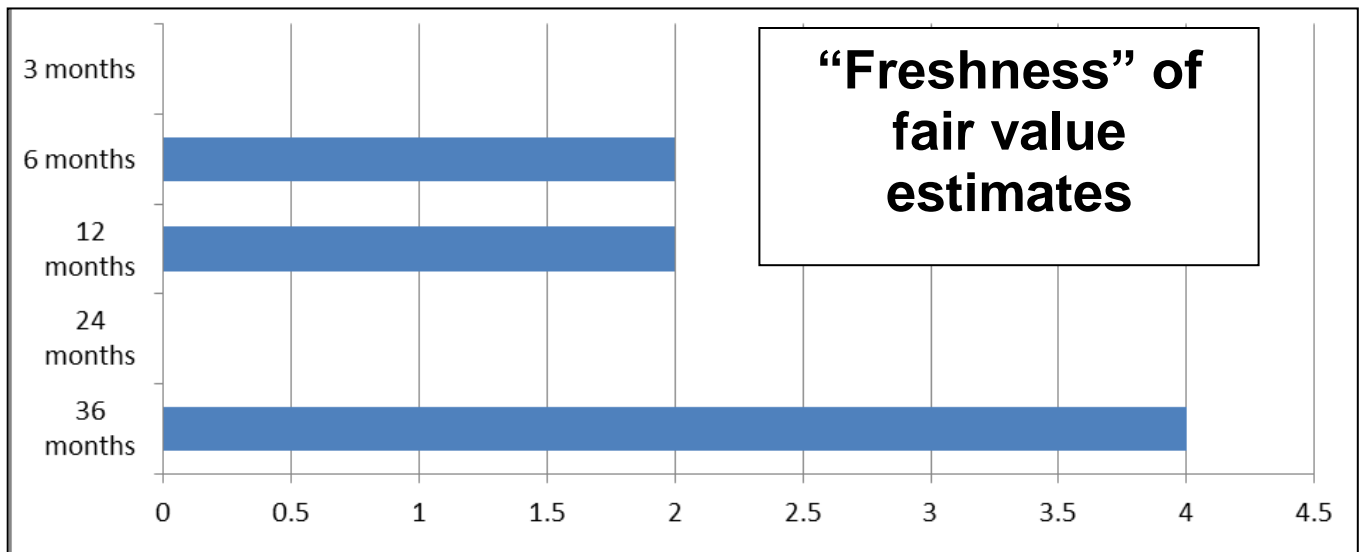
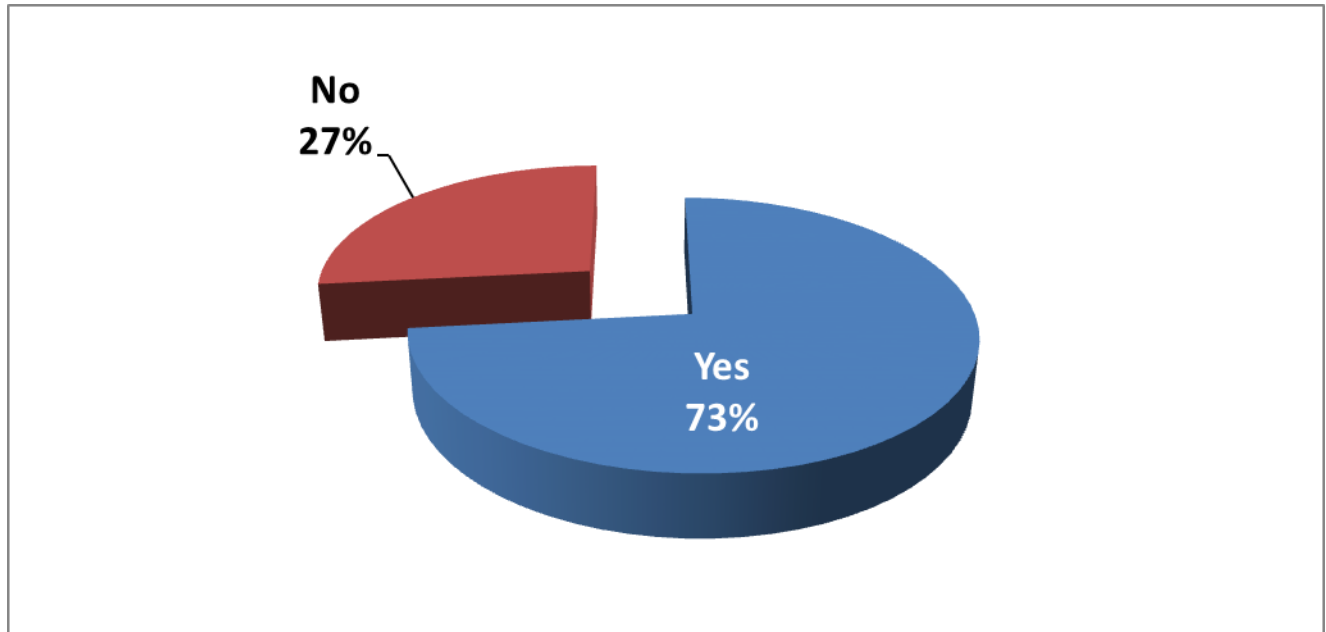


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It Depends (this response omitted from results)

LAND USER SUB-GROUP SURVEY RESULTS

7. Does land's fair value, to include fair market value, add to its informational use in your decision making? If so, how "fresh" must the fair value estimate be? In other words, how fast do fair value estimates begin to lose their efficacy?



- **73% of users believe that land's fair (market) value adds to informational use in their decision making.**
- **According to these respondents, the period in which a fair value estimate can be relied upon ranges from 6 months to 36 months.**

LAND USER SUB-GROUP SURVEY RESULTS

7. Does land's fair value, to include fair market value, add to its informational use in your decision making? If so, how "fresh" must the fair value estimate be? In other words, how fast do fair value estimates begin to lose their efficacy?

**Program Managers – most say
FMV aids them**



**Business Consultants, etc. – most say
FMV aids them**



Congressional Support



Academics



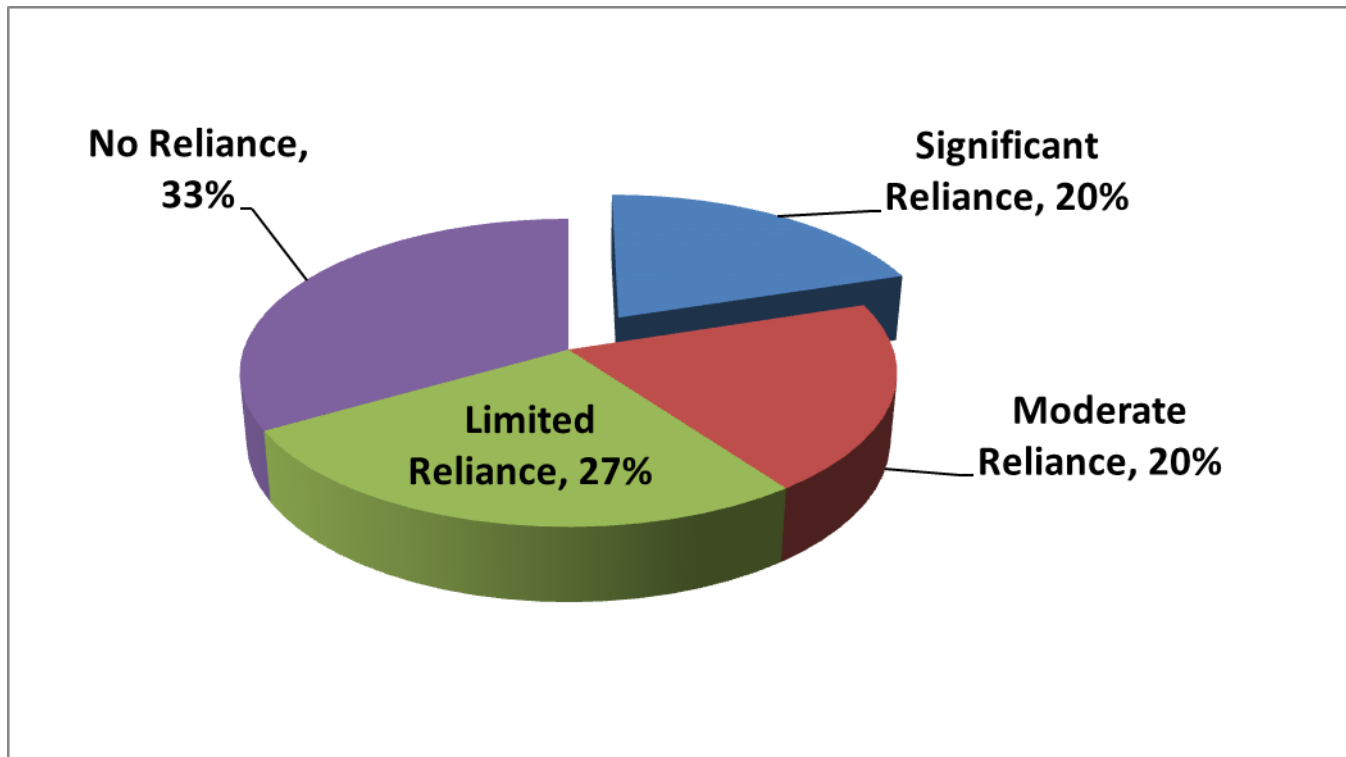
- The majority of program managers and business consultants, etc., agree that fair market value adds to informational use in their decision making.
- 100% of Congressional support personnel do not believe this to be true, whereas 100% of academics do.

Legend:



LAND USER SUB-GROUP SURVEY RESULTS

8. If an entity had the option of adopting a value-in-use estimate in lieu of a fair value estimate, what type of reliance would you place on these internal estimates?



- 60% of users either will not rely or place limited reliance on a value-in-use estimate.

LAND USER SUB-GROUP SURVEY RESULTS

8. If an entity had the option of adopting a value-in-use estimate in lieu of a fair value estimate, what type of reliance would you place on these internal estimates?

Program Managers



Business Consultants, etc.



Congressional Support



Academics – are split



- 60% of program managers would either significantly or moderately rely on such estimates.
- Congressional support personnel will not rely or place limited reliance on a value-in-use estimate

Legend:



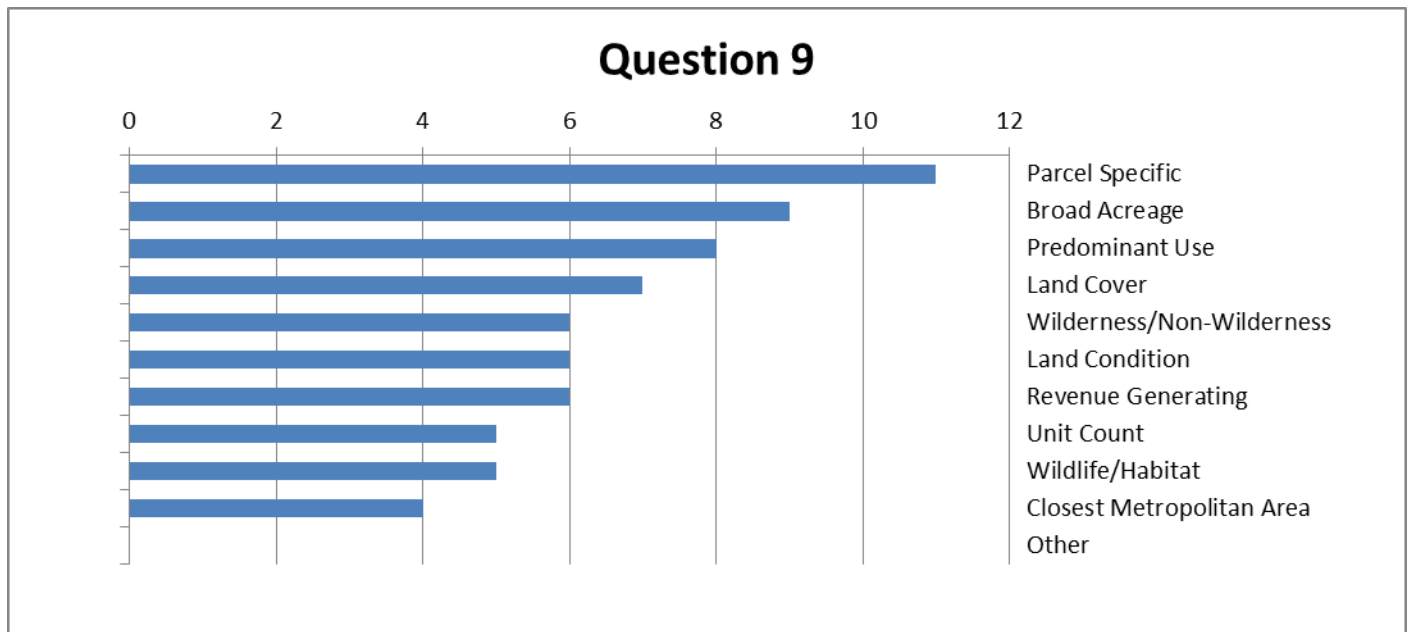
Moderate to Significant Reliance



Limited to No Reliance

LAND USER SUB-GROUP SURVEY RESULTS

9. Concerning the use of NFI, what types of data-points do you use in your decision making and where do you access such information? For example, some may use parcel-specific information, whereas others use broad area information such as acreage or unit counts (i.e., number or parks, forests, etc.).



- The majority of users selected parcel specific information, followed by broad acreage, predominant use, and land cover as the 4 most popular NFI data-points for use in their decision making.
- Wilderness/nonwildreness, land condition, and revenue generating data points received equal votes as NFI data-points.
- Unit count, wildlife/habitat, and closest metroplitan area were the least selected NFI data points.

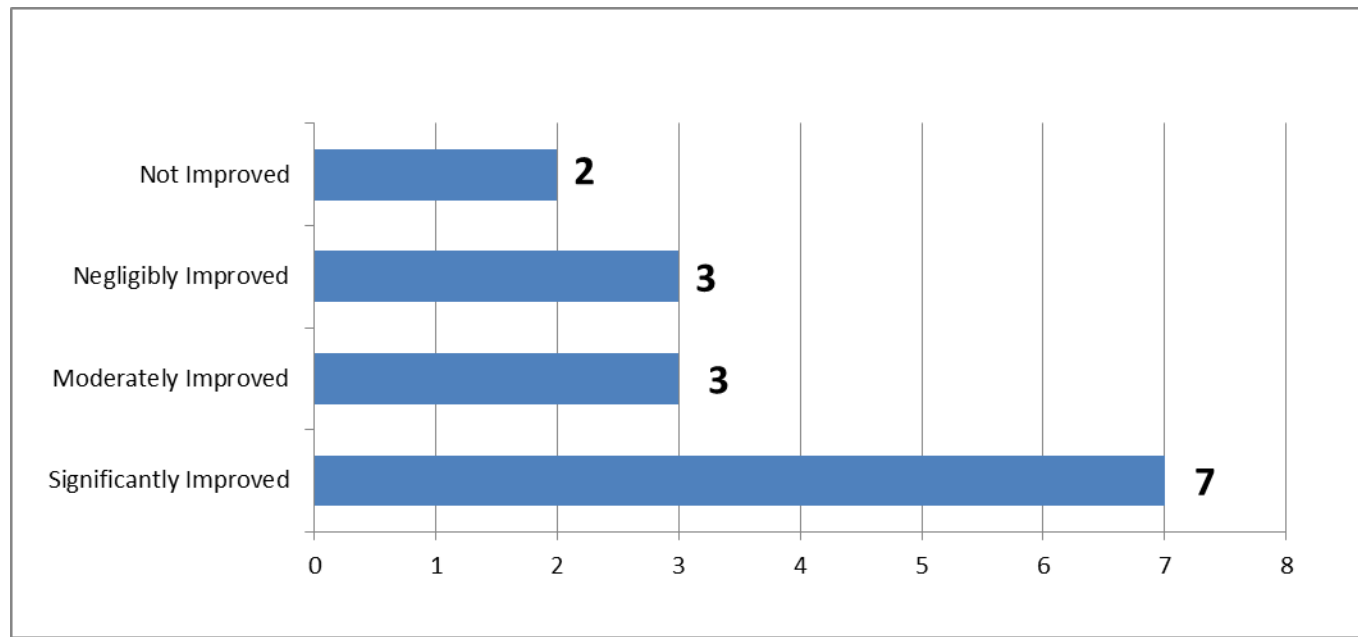
LAND USER SUB-GROUP SURVEY RESULTS

9. Concerning the use of NFI, what types of data-points do you use in your decision making and where do you access such information? For example, some may use parcel-specific information whereas others use broad area information such as acreage or unit counts (i.e., number of parks, forests, etc.).

Rank	Program Managers	Business Consultants, etc.	Congressional Support	Academics
1st	Parcel Specific	Parcel Specific	Broad Acreage Predominant Use	Parcel Specific Broad Acreage Unit Count Land Cover Wildlife/Habitat Wilderness/Non-Wilderness Predominant Use Land Condition Closest Metropolitan Area Revenue Generating
<p>➤ Program managers identified parcel specific and broad acreage NFI as data-points they use in decision making but not revenue generating NFI.</p> <p>➤ Predominant use was identified by business consultants, Congressional support personnel, and academics for use in their decision making.</p>				
2nd	Broad Acreage	Broad Acreage Land Cover Predominant Use Revenue Generating Wilderness/Non-Wilderness Land Condition Closest Metropolitan Area	Wilderness/Non-Wilderness Unit Count Wildlife/Habitat Parcel Specific Land Condition Revenue Generating	
3rd	Land Cover	Unit Count Wildlife/Habitat		
4th	Unit Count Wildlife/Habitat Wilderness/Non-Wilderness Predominant Use Land Condition			

LAND USER SUB-GROUP SURVEY RESULTS

10. Examples of NFI discussed at the task force include: unit count, acreage, predominant land use, type of revenue generated, closest metropolitan area, condition, etc. Would your decision making be improved or aided by any of these types of NFI? If so, how?



- **67% of users agreed that their decision making would be moderately to significantly improved/aided by the use of the NFI identified in the survey.**

LAND USER SUB-GROUP SURVEY RESULTS

10. Examples of NFI discussed at the task force include: unit count, acreage, predominant land use, type of revenue generated, closest metropolitan area, condition, etc. Would your decision making be improved or aided by any of these types of NFI? If so, how?

Program Managers



Business Consultants, etc.



Congressional Support - are split



Academics



- 60% of program managers stated that their decision making would be negligibly or not improved by the use of the NFI identified in the survey.
- 83% of business consultants, etc., and 100% of academics agreed that their decision making would be moderately to significantly improved/aided by the use of the NFI identified in the survey.
- Congressional support personnel were evenly split on this question, with half stating that their decision making would be significantly improved and the remaining half stating that it would not be improved.

Legend:



Moderate to Significant Improvement



Negligible to No Improvement

LAND USER SUB-GROUP SURVEY RESULTS

11. Are there any others types of NFI that you'd advise the Board to consider that would be beneficial to users?

Those replying in the affirmative to this question suggest the following NFI would be beneficial to them or other users:

1. Growth rates of certain markets, industries, or businesses (for example, Real Estate Invest Trusts) that have significant land holdings
2. Identification of those industries (for example, recreation/amusement) that tend to create more jobs and business opportunities for the public
3. For comparable public utilities (for example, concession arrangements), the ratio of the number of businesses delivering product/service versus the population served

LAND USER SUB-GROUP SURVEY RESULTS

12. Absent the use of land valuation information, are there any alternative ways you might suggest that a user can make in regards to lost opportunity costs?

Those replying in the affirmative to this question suggest the following:

1. Lost opportunity costs can be derived from quantity and quality improvement gains made in the private sector for comparable public utilities.

USER SUB-GROUP SURVEY PARTICIPANTS

USER SUB-GROUP SURVEY PARTICIPANTS

#	Entity / Agency	User Type	User Messages to Board
1.	Congressional Budget Office	Congressional Support Personnel	N/A
2.	Department of Interior	Program Manager / Analyst	N/A
3.	City of Metuchen New Jersey	Tax Assessor	<p>“Public service requires that we simply do what we are supposed to do on behalf of the Public-at-large. To increase faith and trust in government, preparers must increase transparency over financial and performance information to help counter perceptions that only a select few (e.g., insiders, the uber wealthy) in society can achieve the American Dream. As President Lincoln reminds us in his Gettysburg address, this is a government of the People, by the People, and for the People. Not just for some people or when preparers find it convenient for them, but for ALL the People and at ALL times.”</p>
4.	Department of Defense	Program Manager / Real Property	<p>“We should provide information that is usable and fairly and best represents the land assets held in trust by the federal government to the general public.”</p>
5.	Consultant	Business Consultant / Public Private Partnerships	<p>“I think you have guided the taskforce in the right direction of optimizing transparency for users while managing agency costs.</p>

USER SUB-GROUP SURVEY PARTICIPANTS

#	Entity / Agency	User Type	User Messages to Board
			Applying that principle across is probably the hard part, with the devil in the details."
6.	Consulting Firm	Business Consultant / Appraisals	N/A
7.	Professional Trade Organization	Executive Director	"Land information included in agency financial reports is of little utility to the public at large; it is inwardly focused and largely reflects the reporting preferences of Federal managers. However, there is an opportunity to provide information, not readily available elsewhere, which will be of great value to the business and academic communities (as well as providing additional value for Federal, state, and local government agencies). I would encourage the Board to consider the big picture, and provide information of value to the entire community of stakeholders."
8.	Texas A&M University	Academic / Agricultural Economics	N/A
9.	University of Tennessee	Academic / Ecology and Evolutionary Biology	"The degree to which Congress, the public and outside groups can understand what federal agencies are doing with land is limited by what they report. Current reporting, at least in terms of formal financial statements, is very limited. Other agency specific reports (outside the

USER SUB-GROUP SURVEY PARTICIPANTS

#	Entity / Agency	User Type	User Messages to Board
			<p>formal financial statements) exist but these are heterogeneous across agencies and take some navigating as a consequence. Importantly, that agency specific reporting usually fails to report on land as an asset that has financial value and that is being bought, sold and managed with taxpayer's dollars.</p> <p>While the overall asset value of land may appear small if considered as a percentage on the overall federal balance sheet, hundreds of billions of dollars are involved. Moreover, in some places and for some communities just how the federal government acquires, disposes of and manages land has very large impacts, impacts that you can lose sight of if only focusing on the headline numbers."</p>
10.	Consulting Firm	Former Massachusetts Comptroller	N/A
11.	U.S. Air Force	Program Manager / Civil Engineer	N/A
12.	Congressional Research Service	Congressional Support Personnel	N/A
13.	Consulting Firm	Business Consultant / Policy & Systems	N/A

USER SUB-GROUP SURVEY PARTICIPANTS

#	Entity / Agency	User Type	User Messages to Board
14.	Think Tank	Academic / Agricultural Economics	N/A
15.	State Government	Program Manager / State Comptroller General	<p>"My staff of CPAs prepares our state's Comprehensive Annual Financial Report (CAFR). In preparing the CAFR, we assiduously follow generally accepted accounting principles, which generally require us to record, account for, and report state-owned land at historical cost.</p> <p>If our state were to dispose of a land parcel, in establishing a selling price we would consider the parcel's historical cost as well as its fair market value that we would obtain from independent appraisals. We also might evaluate the potential economic impact of a disposition upon surrounding communities and local governments, and for that purpose we would typically engage economists from university faculties within our state to perform economic impact studies.</p> <p>However, dispositions are extremely incidental given that our state acquires land with the intent to hold it permanently to meet various public purposes, and not to resell. In that regard, the stable nature of historical cost accounting for land best serves our management and administrative purposes."</p>

NEXT STEPS

NEXT STEPS

Pending Board deliberations, staff expects the Board to develop and expose guidance in calendar year 2017, finalizing the Statement during the early part of calendar year 2018. Please note that the below timeline was tentatively approved at the February 2016 meeting.

PROPOSED PROJECT TIMELINE – with revisions highlighted

➤ **October - December 2016**

- Identify non-financial (for example, acreage) reporting recommendations
- Identify the most appropriate reporting venue for non-financial information (for example, Basic, RSI, or OAI)
- Identify measurement and recognition recommendations



The above 3 objectives have been substantially completed by the task force and staff.

- ~~Begin developing draft exposure draft⁵~~

➤ ~~January 2017 – May 2017~~ **March 2017 – August 2017**

- ~~Begin developing draft exposure draft⁵~~
- Finalize and issue exposure draft

➤ **May ~~December~~ 2017 – April 2018**

- Finalize guidance or standards

⁵ Development of the exposure draft has been delayed primarily due to completion of staff's field work. This included engaging additional users to supplement task force results in order to assist Board deliberations. This deliverable is now tentatively scheduled for the early part of 2017.

QUESTIONS FOR THE BOARD

QUESTIONS FOR THE BOARD

Question 1 – Would the Board like the task force or staff to further explore any of the areas addressed in the user sub-group survey? If not, are there any specific responses to the survey that members would like the task force or staff to address?

Staff constructed a 12-question survey covering the following three major areas: *using land information for decision-making purposes, use of financial information in decision making, and use of non-financial information in decision making*. Individual questions can be found beginning on page 8 through page 29.

Question 1

Would the Board like the task force or staff to further explore any of the areas addressed in the user sub-group survey? If not, are there any specific responses to the survey that members would like the task force or staff to address?

Question 2 – Does the Board believe there are any other topics or issues related to land or land rights that the task force or staff should develop further for deliberations?

To date, with the invaluable assistance received from the task force and user sub-group, staff has addressed the following major topics:

July 7	August 11	October 4	December 9
Several Land Reporting Issues	Stewardship	Land Valuation	Using Land Information for Decision Making Purposes
User Needs and Preparer Burden	Land Use	Referencing Information outside the Financial Statements	Use of Financial Information in Decision Making
Data Reliability & Integrity	Land's Natural State	Scenario Analyses: Status Quo, Uniform accounting, Token value, and other suggestions	Use of Non-Financial Information in Decision Making
	Tribal Land held in Trust		

QUESTIONS FOR THE BOARD

Question 2

Does the Board believe there are any other topics or issues related to land or land rights that the task force should develop further for deliberations?

Question 3 – Does the Board have a general sense or preference as to the direction it would like to pursue? Are there any key features that members believe should be deleted, changed, or added to either of the broad options suggested (below)?

For example, based upon staff's work and analyses done to date, two possible broad options that balance preparer concerns and user needs can be each considered for developing an exposure draft. The two possible broad options follow suggested by staff include the following:

Broad Option A: Focus on non-financial information for land

- a. All land, to include Stewardship and GPP&E, would be (re)classified as a non-capitalized asset; that is, zero dollar amounts on the balance sheet.
- b. Acreage, predominant use, and land cover would be reported.
- c. When land assets are identified for disposal, the fair value would be reported on the balance sheet. [Note that SFFAS 6, *Accounting for Property, Plant, and Equipment*, calls for net realizable value to be reported for GPP&E held for disposal.]
- d. Separable land rights would be amortized over the shorter of their useful lives or contractual period.

Broad Option B: Modify and clarify SFFAS 6 and SFFAS 29 reporting requirements

- a. Retain the current recognition requirements for GPP&E land not held for disposal
- b. Require both GPP&E and SL held for disposal to be recognized on the balance sheet at fair value
- c. Improve non-financial information requirements for GPP&E and SL by requiring information regarding (i) acreage, (ii) predominant use, and (iii) land cover.

Question 3

Does the Board have a general sense or preference as to the direction it would like to pursue? Are there any key features that members believe should be deleted, changed, or added to either of the broad options suggested?

QUESTIONS FOR THE BOARD

Question 1 – Would the Board like the task force or staff to further explore any of the areas addressed in the user sub-group survey? If not, are there any specific responses to the survey that members would like the task force or staff to address?

Question 2 – Does the Board believe there are any other topics or issues related to land or land rights that the task force or staff should develop further for deliberations?

Question 3 – Does the Board have a general sense or preference as to the direction it would like to pursue? Are there any key features that members believe should be deleted, changed, or added to either of the broad options suggested?

The meeting objectives are to review survey results addressing specific user opinions and information requirements, as well as data points needed by the user community regarding federal land and identify broad options to improve reporting on land so that they can be considered in detail at the next meeting.

If you require additional information or wish to suggest another alternative not considered in the staff proposal, please contact staff as soon as possible. In most cases, staff will be able to respond to your request for information and prepare to discuss your suggestions with the Board, as needed, in advance of the meeting. If you have any questions or comments prior to the meeting, please contact me by telephone at 202-512- 6841 or by e-mail at savinid@fasab.gov with a cc to paynew@fasab.gov.

**2016 Annual Report and Three-Year Plan
Survey Responses Regarding the Land
Project (refer to TAB E)**

&

**Analysis of the April 2010 FASAB User
Needs Survey**

<http://files.fasab.gov/pdf/files/tabgfin.pdf>

**Accounting and Reporting of
Government Land**

ATTACHMENT 1 - INCORPORATING SURVEY RESULTS FROM THE 2016 ANNUAL REPORT AND THREE-YEAR PLAN, AND APRIL 2010 FASAB USER NEEDS STUDY

SURVEY RESULTS FROM THE 2016 ANNUAL REPORT AND THREE-YEAR PLAN

FASAB Planning Survey Responses Regarding the Accounting and Reporting Government Land Project – analysis provided by Mr. Ross Simms

On balance, FASAB planning survey respondents agreed the Accounting and Reporting of Government Land project was a priority. Sixty-nine out of 126 respondents agreed the project was a priority and some emphasized the need for consistency in reporting on land.

Examples of comments supporting the project's priority include the following:

- 1) Consistency in financial accounting and reporting is critical to the usefulness of any government report. As a significant landholder in many instances, Federal agencies need to report this asset in a consistent manner.
 - Decision-Maker within the Federal Government
- 2) Various agencies have different ways. Need one reporting format
 - Analyst

Respondents who did not agree with the project's priority appeared to focus on the usefulness of financial information regarding federal land.

Examples of comments expressing disagreement with the project's priority include the following:

- 3) While important to consistently report land holdings, it generally does not have an effect on operating effectiveness of an agency as the transaction to acquire or dispose of land are infrequent. Good project for later but not a priority.
 - Independent Public Accounting Firm
- 4) Much of the land managed by the federal government is stewardship land and as such, is priceless. Attempting to value these holdings, whether at historic or market value does not provide useful information overall.
 - Federal Preparer of Financial Statements

In addition, some respondents agreed with the project's priority, but expressed some concern. For instance, a respondent noted

QUESTIONS FOR THE BOARD

- 5) I agree that this should be a priority, however care needs to be taken to ensure that undue burden is not placed on those agencies that have significant land holdings. Certain agencies have hundreds of millions of acres of land and providing too much detail on those land holdings would not be cost effective and certainly not a good use of taxpayer money.

-Federal Preparer of Financial Statement

ATTACHMENT 1 - INCORPORATING SURVEY RESULTS FROM THE 2016 ANNUAL REPORT AND THREE-YEAR PLAN, AND APRIL 2010 FASAB USER NEEDS STUDY

OVERVIEW OF APRIL 2010 FASAB USER NEEDS STUDY

At the April 29, 2010, Board meeting, members discussed a comprehensive user needs study conducted by Mr. Ross Simms. Mr. Simms conducted a series of user studies involving citizens, executives and managers, and the Congress. Upon completion of the studies, he developed a user needs inventory for use in determining improvements in existing federal financial reports.

The 2010 user needs study encompassed the financial reporting objectives and was broad in scope, covering citizens, executives and managers, and Congress; therefore, staff believes that its findings can provide members with additional insight concerning the land project's current user sub-group survey results. Some of the highlights of the 2010 study follow:

- Citizens and some executives and managers noted difficulty in understanding information in financial reports. They believed that the documents are intended for accountants or economists rather than citizens and managers. In some instances, executives and managers develop their own data and reports.
- Congress seeks timely, easy-to-understand information to address particular issues.
- Citizens were not aware that the federal government and agencies prepared audited financial statements, and some executives and managers had not seen their agency's financial statements.
- Some executives and managers noted that they need training in financial management.
- Congress seeks financial information about specific issues and uses many sources to obtain the information it needs, such as obtaining the information directly from agencies and utilizing legislative support organizations (for example, GAO, Congressional Budget Office, and Congressional Research Service).
- Congress also routinely seeks information about the budgetary effect of legislative proposals on the budget and the cumulative effects of legislation.
- Executives and managers use multiple systems: cuff systems or those other than financial systems to get financial information, including basic budgetary information.
- Both cash and accrual basis accounting is needed to provide the information users need.
- Executives and managers need information at least monthly, but timelier, if possible. However, some did not believe that timelier information was possible.

ATTACHMENT 1 - INCORPORATING RESULTS FROM THE APRIL 2010 FASAB USER NEEDS SURVEY

Citizen Users' Analysis

1. "Citizens want understandable financial information so that they can participate in the democratic process and **engage in discussions about the nation's finances.**"
2. "They were generally interested in the **federal government's financial health, how it used its resources**, and **what was accomplished** with the funds provided."
3. "...citizens **want to know** about the federal **government's assets and liabilities...**"
4. "...citizens want to **know about particular agencies or programs...**"
5. "Some also **expressed concern about waste** and whether funds were used for their intended purpose."

They care about assets, revenues and even land in particular.

The public believed that understandable information about the assets of the federal government was personally important to them. On a scale of 1 to 10, with 10 being extremely important, 58% of respondents believed that understandable asset information was very/extremely important (9,10), while only 5% rated the information as not at all/not very important (1,2). Also, 34% of respondents rated this information as somewhat important (3-8). In their comments, survey respondents noted that they would like to know about sources of revenues from federal resources and whether resources are properly managed.

One respondent specifically asked about how much revenue could be raised from the federal taxation of land values and mineral rights.

They care about liabilities.

The public believed that understandable information about the liabilities of the federal government was personally important to them. On a scale of 1 to 10, with 10 being extremely important, 67% of respondents believed that understandable liabilities information was very/extremely important (9,10), while only 4% believed the information was not at all/not very important (1,2). Also, 28% of respondents rated this information as somewhat important (3-8). They wanted information such as the amount owed to foreign countries and the implications of growth in debt—whether additional revenues would need to be raised through taxes.

They want to know about program results.

The public believed that understandable information about the results of federal government programs was personally important. On a scale of 1 to 10, with 10 being extremely important, 77% of respondents believed that understandable results

ATTACHMENT 1 - INCORPORATING RESULTS FROM THE APRIL 2010 FASAB USER NEEDS SURVEY

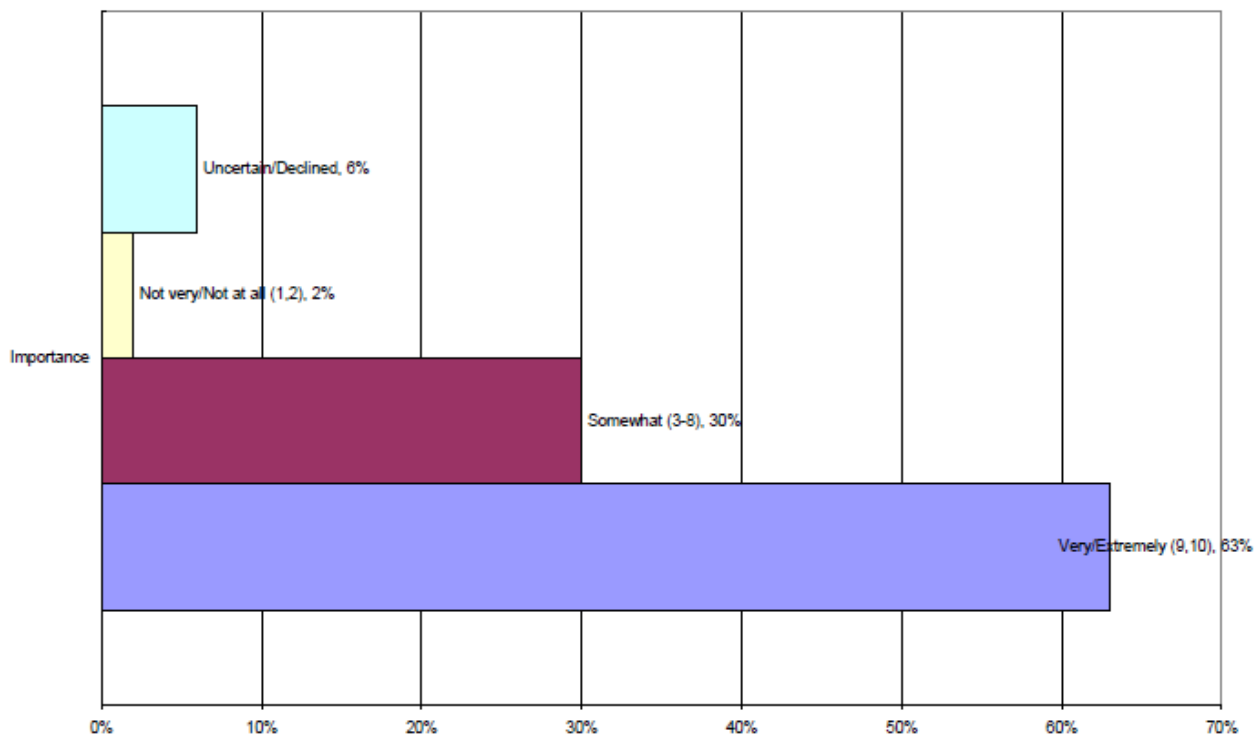
information was very/extremely important (9,10) while only 3% believed the information was not at all/not very important (1,2). In addition, 18% of respondents rated this information as somewhat important (3-8).

They want to know about the finances of individual departments and agencies.

The public believed that understandable financial information about individual agencies and departments was important. On a scale of 1 to 10, with 10 being extremely important, 61% of respondents believed that understandable financial information about individual agencies and departments was very/extremely important (9,10) while only 3% believed that the information is not at all/not very important (1,2). In addition, 32% of respondents rated this information as somewhat important (3-8). Respondents indicated that they believed that the federal government should be open and provide full disclosure. In addition, the information at this level helps them understand the performance of major programs such as defense, healthcare, and social security.

They want the information audited/verified.

The public believed that it was personally important that the financial information provided by the federal government about its programs be independently audited or verified. On a scale of 1 to 10, with 10 being extremely important, 63% of respondents believed that providing independently audited or verified financial information was very/extremely important (9,10), while only 2% believed that it was not at all/not very important (1,2). In addition, 30% of respondents rated this information as somewhat important (3-8). Results are illustrated in the below graph:



Federal Executive / Manager User Analysis

1. “Federal leaders **need accurate information regarding the status of their budgetary resources and the performance of their programs**, but the availability of this information may be a concern...”
2. “They need this information **in a timely manner and in some cases more timely than their existing financial systems can provide**. Further, they seek information from systems in addition to or in lieu of the financial system.”
3. “As a result, **multiple systems may be involved** in their efforts to obtain useful information.”
4. Moreover, these leaders admit that **they may not always understand the information provided in financial reports**; therefore, **they develop their own data** and reports.
5. “Consequently, it appears that individual **leaders are using and/or developing specialized financial information beyond what is provided in their agency’s financial system...**”

They need timely budget and performance data.

Federal leaders need information regarding the status of their budgetary resources and the performance of their program. The leaders we interviewed noted that they need timely information regarding the amount of budgetary resources provided to them, the amount obligated or expended, and the amount remaining available for use. They also need to know the rate at which they are using their budgetary resources, for example the “burn rate.” This information helps them determine whether they can take on additional responsibilities or acquire additional goods or services and when they may run out of resources.

Multiple sources are used to gather information, with internal data preferred.

The respondents obtained their information from various systems. They used the financial systems, multiple systems (including financial), and systems independent of the financial system, such as contractor systems and systems they developed themselves (cuff systems). They believe that the internal systems have controls that increase the likelihood that the information is reliable, while information obtained externally may not be as reliable. Leaders often consider the source of the information they use when determining whether they need to verify the accuracy of the information.

ATTACHMENT 1 - INCORPORATING RESULTS FROM THE APRIL 2010 FASAB USER NEEDS SURVEY

If the information is provided from an internal source, they are more likely to rely on that information than information from an external source.

Frequency and Format of Distribution

Regarding how readily the information should be provided, the respondents noted that they generally need the information monthly, but at times they may need the information daily or weekly, depending on the circumstances at the time or complexity of the program. For example, one respondent noted that at year-end, information may be needed weekly to monitor spending and reduce the risk of exceeding budgeted amounts. Also, some respondents did not believe that timelier information was “realistic.” For instance, one respondent noted that ideally information should be provided daily or weekly. However, the respondent believed that monthly or every six to eight weeks would be adequate, given the burden timelier information requirements would place on the finance department.

Regarding the format of the information, nearly all the leaders believed that information should be made available electronically versus in hardcopy format. The leaders believed that having access to information electronically enabled them to access the information more timely.

Benefits of Financial Statements

The respondents noted several benefits of agency financial statements and reports. Primarily, they noted that the documents help demonstrate accountability to the public and provide historical trends. For example, respondents noted the benefit of financial statements is accountability to the public at large; the public trusts that the funds are being spent appropriately for the purposes for which they were appropriated.

- “I do think that there should be accrual-based financial statements produced. I think they should be produced on an annual basis. I think they should have comparatives in there, but I think also there should be departmental reports, which comes down to the individual programs or programmatic reports with costs.”

Characteristics of Information and Whether Information Should be Verified

Leaders note that timeliness and accuracy are key characteristics of the information they use. For example, respondents noted the following:

- “If you wait -- particularly in dealing with constructed assets. If you wait four months or a year to see, you know -- again, it's about that performance – you know, there's a lot of water under the bridge, and you can't really take – make corrective action.”
- “In our system, we strive very hard for timeliness and accuracy, and I would say that timeliness is the most important issue in project development, and that is the

ATTACHMENT 1 - INCORPORATING RESULTS FROM THE APRIL 2010 FASAB USER NEEDS SURVEY

function of electronic databases that are, of course, accurate and that they're on schedule.”

Also, the respondents generally believed that they should not have to verify the information before they use it. They should be able to use the information right away. Taking steps to verify the information appears to add an additional burden.

One respondent noted the following:

- “I think the information should be reliable based upon the manager receiving it. You know, that would be another burden for the manager to have to verify the information. I would -- I would hope that whoever is relaying the information to the manager that it's their responsibility to make sure that the information is accurate.”

Congressional User Analysis

Partially to encompass Congress' wide range of responsibilities, the user needs study conducted a literature review concerning its financial information needs. Notably, the following observations were made:

1. **Congress seeks timely, easy to understand information** to address particular issues.
2. **Congress seeks financial information designed to address specific issues** about many responsibilities **so that they can monitor** the federal government's activities and determine policies.
3. **Congress also routinely seeks information about the budgetary effect of legislative proposals** on the budget and the cumulative effects of legislation.
4. **Congress uses many sources to obtain the information** it needs such as obtaining the information directly from agencies and utilizing legislative support organizations, i.e., the Government Accountability Office, Congressional Budget Office, and Congressional Research Service.
5. To obtain this "specialized" financial information, **Congress may conduct hearings, make requests for data** from the agency or **rely on legislative support organizations** and other sources.
6. According to some, **Congress requires over 5,000 annual reports** from agencies and the trend is toward more reports rather than less.

FASAB Land Task Force
3 June 2016

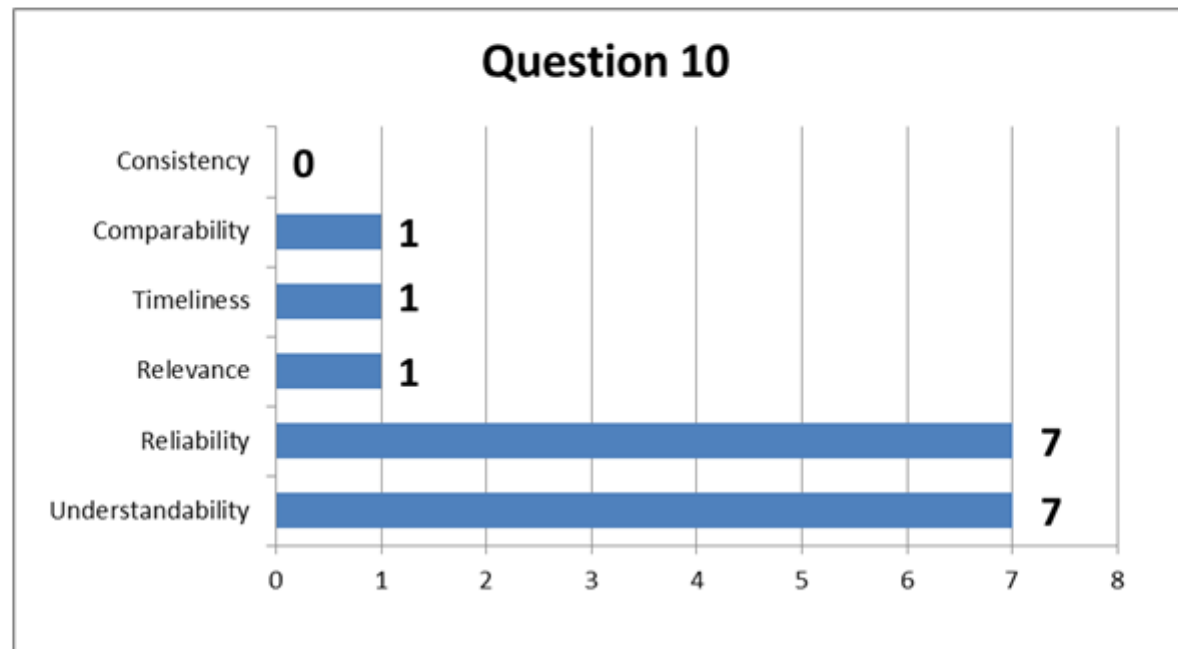
User Needs and Preparer Burden

Maslow's Hierarchy of Needs



ATTACHMENT 2 - LAND TASK FORCE ANALYSIS: USER NEEDS AND PREPARER BURDEN

10. Which qualitative characteristic do you think users believe is most important to them?
a. Understandability, b. Reliability, c. Relevance, d. Timeliness, e. Consistency, f. Comparability



ATTACHMENT 2 - LAND TASK FORCE ANALYSIS: USER NEEDS AND PREPARER BURDEN

Q11. Please rank the qualitative characteristics in order of most importance to you? (1 = most important, 6 = least important)

<u>Characteristic</u>	<u>Ranking</u>	<u>Average Score</u>
Reliability	Rank 1	1.813
Understandability	Rank 2	2.625
Consistency	Rank 3	3.063
Relevance	Rank 4	3.529
Timeliness	Rank 5	4.625
Comparability	Rank 6	4.867

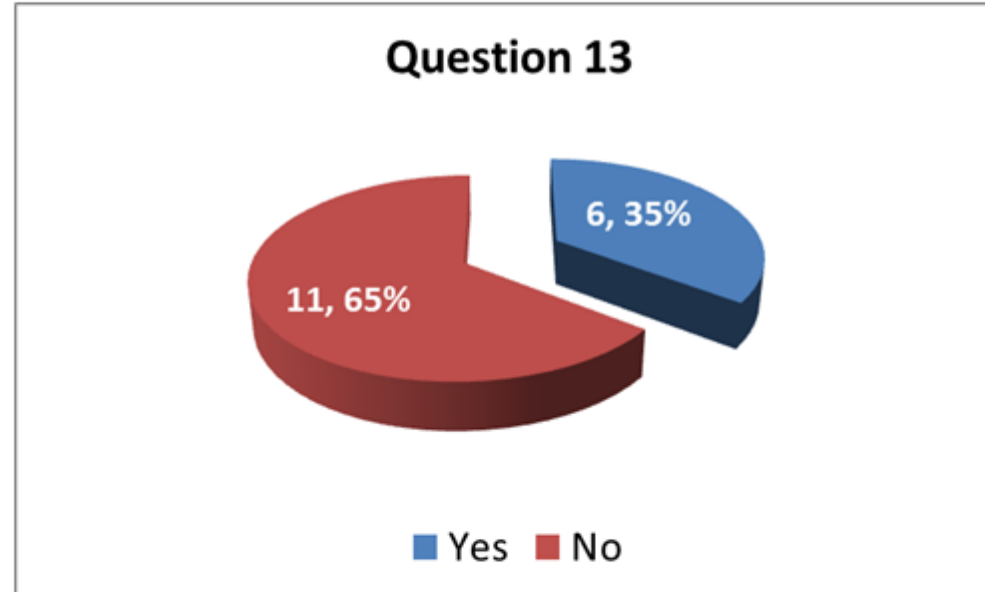
ATTACHMENT 2 - LAND TASK FORCE ANALYSIS: USER NEEDS AND PREPARER BURDEN

Q12. What constraints other than system integration issues do you believe federal preparers have to deal with that affects their ability to prepare financial statements? (Select up to 4 only and rank by 1 = most impactful, 4 = least impactful but still a problem)

a. Insufficient staff/resources, b. Lack of adequate supervisors in-place, c. Unrealistic timeframes/deadlines, d. Inadequately trained staff, e. Lack of experienced staff, f. Lack of senior level management support, g. Requirements overload, h. Continually shifting priorities, i. Other: EXPLAIN

<u>Constraints</u>	<u>Ranking</u>	
Inadequately trained staff	Rank 1	
Lack of experienced staff	Rank 2	Tie
Requirements overload	Rank 2	Tie
Continually shifting priorities	Rank 3	
Lack of senior level management support	Rank 4	

Q13. Should financial reporting be limited to information that an agency uses to manage by?



APPENDIX 1 – AGA Report, *What Do Citizens Want From Public Sector Reporting?*

APPENDIX 1 – AGA Report, *What Do Citizens Want From Public Sector Reporting?*





What Do Citizens Want From Public Sector Reporting? Findings From Four Focus Groups

AGA Accountability and
Transparency Reporting
Educational Workshops

March 2010 – February 2011

Boston, MA • Sacramento, CA,
Chicago, IL • Nashville, TN

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Sacramento, CA, August 31, 2010
Chicago, IL, November 9, 2010
Nashville, TN, February 24, 2011

Introduction

For some time, advocates of good government have encouraged governmental entities to make information—especially financial and performance information—publicly available, citing the twin goals of accountability and transparency. As President Obama stated, “A democracy requires accountability and accountability requires transparency.” Accountability has been defined as the degree to which government entities have to explain or justify what they have done or failed to do. Transparency could be defined as the degree to which the information and the underlying data can be accessed at will. Today’s technology allows information to be presented in a way that promotes engagement among citizens.

“Government should be transparent. Transparency promotes accountability and provides information for citizens about what their government is doing,” the president said in a Memorandum on Transparency and Open Government.¹ State governments are also very strongly pursuing a policy of accountability and transparency. “Financial transparency isn’t a Republican or Democratic issue; it’s a good government issue,” said South Carolina Comptroller Richard Eckstrom when he established the South Carolina Spending Transparency Website for state government in 2008.² “When spending is done in full public view, those doing the spending are more accountable. And increasing transparency is an important step toward restoring the trust that many have lost in government.”

Background

There are at least two, if not more, “schools of thought” on transparency. The first group thinks data in its raw and granular form should be exposed, via websites most often, so that users can essentially create their own reports. They believe that aggregated data by definition exhibits the bias of the government entity doing the aggregation. The second group thinks data should be aggregated and presented in “user-friendly” type reports, and distributed via many channels including but not limited to websites. This group believes “data” that is not organized is not truly “information.”

Both views have merit. There is no one single path to transparency. The ideal solution would be to give people both, aggregated reports and the ability to drill down to obtain whatever details are desired, down to the transaction level. And we have the technology available today to do just that. AGA wants to encourage citizen-centric reporting and sees both as valuable. While we devote our effort to the second viewpoint, that of aggregated reports, we do support the initiatives of those who espouse the dissemination of granular data. The bottom line is that AGA wants to be proactive, to take a leadership role in doing more to encourage transparency in public sector reporting. We may not get 100 percent participation but any increase in participation is an improvement.

Striving to achieve the goal of transparency is truly a “race without a finish line.” It is what we get out of our

WHAT CITIZENS WANT

journey that is important. AGA, in order to expand its leadership role in the area of transparency, convened four workshops in 2010 and early 2011 to develop more information and perspectives on what users want from public sector reporting. The workshops were held in Boston, MA, Sacramento, CA, Chicago, IL, and Nashville, TN. Attendees were a mixture of AGA chapter members and other invitees representing groups with an interest in public sector reporting. To enable attendees to respond to a “straw man” to start the discussion, attendees were given presentations with examples of public sector financial reports from AGA, cities, counties, states or state agencies. The presentations were followed by an open discussion.

AGA chapter members represent all levels of government—federal, state and local—as well as private sector, nonprofit institutions such as colleges and universities, and retired persons with an interest in government financial management and reporting. Public interest groups sending representatives included branches of the League of Women Voters, the Pioneer Institute, the Illinois Policy Institute and branches of U.S. PIRG, the federation of state Public Interest Research Groups (PIRGs).

The focus groups followed a similar format. They began with an introduction and explanation of what AGA hoped to achieve from the session, attendees introduced themselves and described why they attended and their backgrounds. Several initial presentations were given: one explained the AGA Citizen-Centric Reporting (CCR) program; this was accompanied by two or three actual reports from state agencies, cities or counties. Many, though not all of these, had been developed as part of the CCR program. We did this because we believe that it is easier for people to respond to examples rather than start from scratch. Open discussion followed, led by a facilitator who guided the discussion and ensured that the conclusions were agreed upon and documented. AGA wishes to thank William Kilmartin, CGFM, and Mark Howard of Accenture for giving so generously of their time in facilitating the four sessions.

Attendees in general liked the idea of reporting to the citizens. Then they seemed to divide into two groups. One group is happy with governments putting loads of data on the website—as in the open checkbook initiative. They are happy to sift through the reams of data to find what they want and they think this is achieving transparency. Others say no, there is no context, it is difficult to find information within the reams of data. They want informative reports, such as the AGA CCRs.

Most of the 88,000 government entities in the U.S. do some type of official reporting. However, it appears only a fraction are producing CCR-type reports. Attendees were not sure how to get more governments to produce a CCR or how to get decision-makers to encourage or require it. AGA believes that the reason for this may be that officials never had a template available to get started. There was a divide among attendees between those who thought it should be mandated and those opposed. Some attendees suggested it might be easier to start small, maybe a state agency or local jurisdiction, and scale up. Attendees thought that there has

to be support from the top, which is somewhat surprising since it appears, from AGA surveys and opinions voiced in the user groups, that the average citizen distrusts government. This may be because people perceive that many governments are reluctant to do this kind of reporting unless it is required.

GASB and FASAB Research on Financial Reporting

Many organizations involved in standards-setting, such as the Governmental Accounting Standards Board (GASB) and the Federal Accounting Standards Advisory Board (FASAB) have held workshops to determine what users want before they decide on standards. It is an expansion, if you will, of due process. Such focus groups help the standards-setter justify the substance of the proposed standards, in that they are what the users need and want. Being standards-setters, these organizations tend to work from the premise that the starting point is either the Consolidated Annual Financial Report (CAFR) in the case of state and local governments and their standards-setter, GASB, or the Performance and Accountability Report (PAR) in the case of federal government entities, which must follow standards set by FASAB. These organizations may ask users what they need but sometimes users need some help determining parameters. The Financial Accounting Foundation, as part of its oversight of GASB, has commissioned an independent academic study of the purposes of financial accounting and reporting of state and local governments. GASB has an ongoing project on Electronic Financial Reporting³ and FASAB in December 2010 issued a report of a task force, titled *Electronic, Web-Based Financial Reporting*.⁴

AGA's Contribution to the Accountability and Transparency Discussion

AGA, unlike GASB and FASAB, is not a standards-setter, and has no authority to mandate reporting. The Association is simply trying to promote public sector accountability and transparency, to encourage good government and increase citizens' confidence in their government.

For several years, AGA has commissioned biennial surveys from Harris Interactive. See the latest report, *Public Attitudes Toward Government Accountability and Transparency 2010*, available online at www.agacgfm.org/poll.aspx. The survey results show distrust of government by citizens. Citizens feel that government has an obligation to explain how the government generates and spends taxpayer money and is not meeting that obligation well. The findings in the latest survey are similar to the earlier ones, that is, the public is still dissatisfied with the financial information it is receiving from all three levels of government.

AGA believes that government financial information should be provided in forms that are:

- Clear and understandable
- Updated regularly and often
- Delivered to all and easy to locate
- Honest in breadth and technically accurate in detail

WHAT CITIZENS WANT

AGA has been encouraging the development of what we calls Citizen-Centric Reports for the last several years. AGA created a task force of 20 people representing federal, state and local government and the private sector, and asked what they wanted to see on each page. AGA then developed a template outlining the information that should be included on each page, with the sole caveat that it not exceed four pages. CCRs aim to give citizens a better understanding of how their government operates and whether their tax dollars are being spent efficiently and effectively. They answer the question, “Are we better off today than we were last year?”

AGA believes governments have a responsibility to provide this information in an easily understandable way and that government financial statements are too large and too complicated for average citizens. As a result, governments are not reaching their citizens with some of the most significant financial and performance information. AGA believes these CCR reports will make governments more accountable to their citizens and will help Americans become better educated and better able to participate in government activities. With funding provided by the Sloan Foundation, AGA developed a set of resources to produce CCRs available at www.agacgfm.org/citizen. These include:

- Content Guidelines
- Design Guidelines
- Design Templates in Word, InDesign and Publisher formats
- Media and Communications Templates
- Completed Reports

Page one of a Citizen-Centric Report covers strategic objectives, answering the questions: What are we required to do? What is our mission, purpose? What are our demographics? What is our constituency? It includes information about the community, presented on a per capita basis to ensure that the data are comparable across entities of differing sizes.

Page two covers performance reporting, answering the questions: How is the government entity's performance on key services? How can we include citizens in determining what outcomes to report? It explains performance on key missions and service. Preparers are advised to include three or four significant nonfinancial outcome measures that relate to the government's key missions. Content in this section is flexible, as AGA Executive Director Relmond Van Daniker, DBA, CPA, pointed out in his presentations on the subject.

Page three covers the money and answers questions like: What are the costs for providing service to citizens and how were those costs paid for? How does this data relate to our performance? This is where summary financial information is presented that ties to the audited financial statements.

Finally, page four covers future challenges and describes the short- and long-term issues that have to be addressed.

In addition to publishing guidance and a template to CCR reporting, AGA has taken several other actions. AGA awards

either a *Certificate of Excellence* or a *Certificate of Achievement* to entities developing CCRs that meet AGA's guidelines. AGA also offers online guidance for developing a two-page American Recovery and Reinvestment Act (ARRA) Report under the section titled Stimulus Reports. At AGA's Sectional Leadership Meetings in May 2011, AGA established Chapter Accountability Chairs whose responsibility it is to encourage more entities to produce CCRs.

Objectives of the Workshops

The objectives of the focus groups or workshops were:

- to get answers to questions like: What is the focus of public sector reporting today? and What does the taxpayer/citizen/user want from public sector financial reports?
- to gather together the viewpoints of attendees in various regions of the country on the state of public sector reporting and how it can be improved.
- to encourage more participation in public sector reporting.

Findings

1. **Entities are reporting budgetary information to citizens; others are putting their checkbook on-line, and they claim to be achieving transparency, but the information is not being read or used by the citizens and/or taxpayers, because it is too difficult to assimilate and understand in context.**

Public sector entities are reporting to their citizens and stakeholders, but more often than not they are doing so only because they are required to do so, by legislation or regulation, and the information provided tends to be budgetary or “checkbook” information rather than financial or performance information. It purports to be achieving transparency but has limitations.

In some states and local governments, entities make the budget available in print form or as an insert in the local newspaper. Some make it available online. Many entities use the open checkbook approach and put transaction data online. However, what is available is not searchable. An abundance of data is presented in many different forms, and in many ways. Summary charts are presented, as are reports for different user groups. The summaries are good but everything is static.

The average citizen does not read the insert in the newspaper. Even fewer look up the report on the Web. Some reasons for this lack of interest are: timeliness and difficulty in accessing the information either because of the way in which the information is presented or the difficulty of reading the print format. It appears citizens want raw data but not in “flat” pdf documents. They want context and the ability to focus on their particular needs or interests.

Probably more read the “checkbook” when it is made available online, but it may not provide a comprehensive picture of the financial condition of the entity. It also does not provide any context within which to see the entity's past performance and future direction.

Without real transparency there is no real government accountability. One can have technical compliance with legal

requirements to provide information without making it easy for the citizen to digest the information provided. This sort of transparency for compliance only makes average citizens feel a lack of trust. They feel that there are lots of details, but it is not clear how it all connects. The reporting entities produce a lot of data, but have missed the opportunity to say what is important and why the citizen should care. The key issue is to draw out the key points to make it meaningful to the average citizen.

Often, the reader will have questions about data reliability. Having the report articulate or refer to the auditor's report on the entity's financial statements helps show that the data is reliable, but some think that audits are only as good as the compliance requirements. Auditors only look at the areas with compliance requirements, so audit reports would not necessarily give much good information.

And finally, there is the question of whether the public can access the audit report. Do they have to file a Freedom of Information (FOIA) request and wait months for the response? Should significant audit findings be added to what is available online?

2. People will be more interested in financial reports if performance information is included.

People are more interested in financial reports of government entities if they can see how the financial information relates to the performance of the entity. If performance indicator measures can be integrated with cost data, reporting becomes much more meaningful to the average citizen. More than 20 years ago, the CFO Act acknowledged that financial reports should include reports of performance indicators, that agency financial management systems must provide for the systematic measurement of performance⁵, and that financial information should be used to help in the evaluation of programs.⁶ The federal government followed up with legislation to mandate performance reporting in the Government Performance and Reporting Act in 1993. Including performance information for state and local financial reporting has not been mandated but is just as important as it is for federal entities.

Reporting performance information is a key step governmental entities can take to ensure that their financial reports attract and retain the attention of their citizens. The AGA CCR provides a template to show how this can be done.

How to decide what measures to report? Government officials should involve staff in deciding what measures to include, and stakeholders can be asked what they are interested in. Staff can offer good ideas about how to measure the governmental entity. Think broadly enough to cover all stakeholders, not just the obvious ones. Don't include too many measures. Be prescriptive in forcing departments to submit only a few. Stick to ones people are interested in, not just ones that are easy to measure.

3. Obstacles to Real Transparency Exist and Must be Overcome

Many public sector entities do not want to do the reporting. People in the organization feel it is the right thing to do but think it is too difficult to get started. So they pass respon-

sibility to other organizations or entities, such as the state. Until it is mandated, they will not act.

It is clear that the important thing is to get public sector entities to start somewhere. One way would be to start small, from the bottom up, with counties, cities, special districts, etc. However, some people think that a bottom-up approach will take too long and a top-down approach is faster. That, however, presupposes a mandate from the top to do the reporting. Some people think public sector reporting will not expand until it is mandated. Others think it can be encouraged over time and that mandating reporting will make it a compliance exercise and less valuable to the reader.

There is a pervasive cultural bias against providing information. Employees at all levels want to protect their organization from public scrutiny/criticism. One comment made in the focus groups was that all the accountants who do not want to do it should be educated before any progress can be made.

4. Before Progress Can be Attained the Culture Has to Change

What is holding us back? Some answers were: policy; money, the cost of doing it, or the perceived cost of doing it; the risk, like changing the culture; and fear of how the media will react. It should be noted that putting information online can save money. Requests for information go way down, as do printing and mailing costs. This should act as an incentive, but maybe it is not enough.

Several focus group members noted that local governments are seen as too reactive and not proactive enough, especially in planning and anticipation of challenges, and that makes them reluctant to inform their citizens about their activities.

Some employees in public sector entities take the attitude that it is something management should do, not them. Admittedly, it is difficult to make the time or get the authority to make it happen. It takes creativity to develop a report and distribute it with a limited budget or no funds at all. Some governments have succeeded by working with departments who own the performance metrics and have funding. The City of Nashville (Metropolitan Region of Nashville and Davidson County—Metro Nashville) showed that it can be done without a distribution budget (see Appendix A).

Getting the information is perceived to be difficult. Sometimes to succeed, an entity needs someone dedicated to the task, such as a Public Information Officer. Entities could consider setting up a position like a Public Information Officer, as the City of Napa did (see Appendix A).

What about perceived spin? If you want to make sure your message gets out the way you want it to, you must build a relationship with the press. Public sector entities' management often distrust the press. This is short-sighted. The more trust that develops with a journalist, the better. When you really need them, they will give you the benefit of the doubt if they know you have been open and honest with them in the past.

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Addressing data reliability and data quality issues upfront are crucial to public acceptance. Also, to address the credibility issue, encourage standardization and make comparisons possible, state and local governments need something equivalent to Morningstar, which provides independent investment research. Morningstar has been widely accepted as impartial and honest. We need the same in the public sector. Another focus group suggested that an organization like the Civic Federation, the nonprofit government research organization, could set criteria. If the criteria were met, a government could earn a high rating, which could encourage entities to do more informative reporting. The aim could be to get a seal of approval, similar to what entities earn by using the Baldrige Criteria and winning the Presidential Quality Award.⁷

Recommendations

1. Take action to achieve real transparency.

For real transparency, the information or data should be easy to find. Some context should be provided to aid understanding.

Create an interactive financial reporting model. The ideal way to provide information is as a top-level summary with the ability to drill down to the actual transaction data level. The user can start at the top and get to whatever level of information he or she desires. Reconciling the data with audited financial statements answers citizens' questions about data reliability. However, how do you address the items you cannot audit? The top-level report should be short and user-friendly but many people may want to learn more details, and how and whether the information actually makes sense.

2. Find out what the citizens want and give it to them.

To learn what people want, one has to understand the intended recipients. It is not always citizens, sometimes it may be customers internal to an organization but different than the ones doing the report. For some reports, the focus should be on taxpayers rather than citizens. Taxpayers have invested in the system so they have a built-in interest in the results; citizens may or may not. Surveys are the best way to find out what intended recipients want. Surveys should be done prior to publishing the first report, and regularly thereafter. If a website is available, one can set up an online poll asking for votes for a couple of suggested measures, with readers voting before they can see how others have voted. After the report is out, the measures asked about online can be changed, every week or every month, at whatever interval is desired.

A public interest group representative suggested asking questions such as, "How would you measure how well your city is doing?" Also, allowing citizens to create their own dashboards and view benchmarks is desirable; this is already being done across 14 cities in one state.

3. Provide context to make the information understandable and meaningful.

With people from the media and other users, keep it simple. Don't run from reporters, run to them and educate

them about government programs. Tell them what percentage of property taxes go to support police, firefighters, track collectors, etc. Give them the information in a context they can understand. Inform people about the reporting entities' missions and how well they are achieving their goals. Think about the audience you are writing for.

4. Better integrate budget information into financial reports and include performance information.

People have an abiding interest in the budget, in what money was allocated, where it was allocated, and what it was used to achieve. Without budget and performance information, it is difficult to ascertain how successful the entity was in delivering on its mission. Many people commented that the performance type information is more interesting than the financial type information.

5. Overcome obstacles, real or perceived.

Do not accept the cultural biases against providing the information. Raise awareness and encourage citizen review/participation in financial reporting /budgeting. Hold Town Hall meetings, and ask accountants, regulators and elected officials to attend. Ask officials who have produced a CCR to make a presentation on why they did it. Go to comptrollers' and/or governors' conferences. Get invited to speak on talk shows, go to associations' conferences, get on their agendas and make presentations. Get top leaders interested. Start at the city and county level. Use models, examples and guidance to spread the message.

6. Keep it simple.

Do not focus too much on numbers and oversight. Create a simple report on efficiency and results with five or six key, standardized metrics.

7. Use a mixture of carrot and stick.

Try to create incentives for public sector entities to report to the citizens and their stakeholders. Consider a Civic Federation model for impartial review and interpretation of budget and fiscal issues. Develop a standardized evaluation/rating system, one that encompasses more than bond ratings. Develop something like a Morningstar system for states and local governments. Perhaps an organization like the Civic Federation could set up criteria or set some parameters, so that governments that met the criteria would get a high rating. That would encourage entities to do more informative reporting, something like the seal of approval from Baldrige. Create repercussions for NOT reporting or being rated. The combination of carrot and stick approaches could encourage entities to get rated.

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Conclusion

Transparency in reporting is probably here to stay. ARRA⁸ changed perceptions of what accountability and transparency is, and people will probably continue to ask for it. Governments are strongly encouraged to do CCR-type reports. The AGA model is a useful one because many different entities at all levels of government have used the AGA guidelines. If many entities use one format, it promotes standardization and aids comparison among them.

To encourage the continued use of citizen-centric reports, long-term discussions should take place throughout all the states to identify the audiences for these reports, what they should include, and what will stimulate interest in the reports.

APPENDIX A Boston, MA, March 10, 2010

William Kilmartin, CGFM, welcomed participation and introduced the presenters. Presentations were given by Relmond Van Daniker, DBA, CPA, Eric Berman, Craig Hall and Orlando Pacheco. An open discussion followed the presentations.

Van Daniker, AGA's executive director, began by explaining that AGA scheduled the workshops to determine what users want from public sector reports. He gave some historical perspective on the evolution of user needs workshops, from GASB to FASAB. Standards-setters start from either the CAFR (GASB) or the PAR (FASAB). They may ask users what they need but sometimes users need some guidance in determining parameters. AGA is not a standards-setter; it has no authority to mandate reporting. It is simply trying to promote accountability and transparency to encourage good government.

Van Daniker handed out a report on a biennial survey AGA commissioned from Harris Interactive. Results have consistently shown distrust of government by citizens; respondents feel that government has an obligation to explain how the government generates and spends revenue and is not meeting that obligation well. The latest survey is titled, *Public Attitudes Toward Government Accountability and Transparency 2010* and is available on the AGA website. The findings are similar to the first survey, that is, the public is still dissatisfied with the financial information it is receiving from all three levels of government.

AGA believes that government financial information should be provided in forms that are:

- Clear and understandable
- Updated regularly and often
- Delivered to all and easy to locate
- Honest in breadth and technically accurate in detail

AGA has for the last several years been encouraging the development of what AGA calls Citizen-Centric Reports (CCRs). With funding provided by the Sloan Foundation, AGA has developed a set of resources to produce CCRs

available at www.agacgfm.org/citizen. These include content guidelines, design guidelines, media and communications templates, and completed reports. AGA's CCR program encourages governments to produce four-page, citizen-focused reports by awarding a Certificate of Excellence to entities that meet its judging guidelines. These reports aim to give citizens a better understanding of how their government operates and whether their tax dollars are being spent efficiently and effectively.

Government financial statements are too large and too complicated for average citizens. As a result, governments are not reaching their citizens with some of the most significant financial and performance information. AGA believes CCR reports will make governments more accountable to their citizens and will help Americans become better educated and better able to participate in government activities.

Eric Berman, now-former deputy controller, Commonwealth of Massachusetts, then described the status of the state CCR, which follows the AGA model. As of March 10, 2010, it was almost complete and ready to be published. The only remaining information to be incorporated was the Single Audit/ARRA information.

The next presentation was on the CCR for the Massachusetts Developmental Disabilities Council (MDDC or council) titled, *A Report to the Citizens of Massachusetts*. Craig Hall⁹ of the council discussed the citizen-centric initiative from his point of view. The council started doing the report because of two driving forces. One was the Citizen-Centric initiative led by AGA as part of its advancing government accountability campaign. The other was the fact that the Sloan Foundation provided funding for an initiative to provide understandable information to citizens. This initiative encourages state governments and governmental entities to produce and publish an annual "state of the government" report that is no more than four pages long. The reports, designed to be visually appealing, provide understandable information to citizens about the financial condition and performance of the government. This provides states and other government entities with:

- A new opportunity to connect citizen and government;
- A new way to report performance to the public;
- A new way to demonstrate accountability; and
- A new way to provide transparency.

The council was one of the first pilots for the Citizen-Centric initiative. The report was unveiled at AGA's Professional Development Conference & Exposition in 2006 and generated a great deal of interest. In 2007, GASB discussed the need to address performance in a way that citizens could relate to and understand. In 2008 and 2009 the council's report was awarded AGA's *Certificate of Excellence*. The report is designed to be easy to understand by taxpayers and contains links to websites where citizens can get further information. From the report, then citizens can determine for themselves if the government is spending their tax dollars effectively and efficiently.

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Hall emphasized that success in this kind of reporting depends on the entity's vision, leadership, staff participation and stakeholder involvement.

He said the main goal was to answer the question, "Are we better off today than we were last year?"

The secondary goal was to produce a report that will help the public become more knowledgeable of government affairs and hopefully prompt citizens to become more involved in their governments at the local, state and national levels.

The council was the first Massachusetts state agency to complete the Citizen-Centric Report, the first Massachusetts government entity to complete the Citizen-Centric Report and the first Developmental Disability Council to do so.

Hall responded to questions about how difficult it was to prepare the CCR. The council held two staff meetings and then he spent some hours drafting the report. Most of the information was readily available, even the performance information. The information system they use is MARS¹⁰ and in MARS for every dollar amount there is a matching activity code in the financial statements. Concerning the section on future challenges, Craig emphasized that to ensure credibility it is necessary to include information you are not proud of as well as successes.

Last, Town Administrator Orlando Pacheco discussed plans to develop a citizen-centric report for the Town of Lancaster, MA. Lancaster's population is 7,000. Town officials are planning to post the four-page report on the municipal website in pdf format and to distribute printed copies. For printing costs of \$1,000, enough copies were made to cover every household in Lancaster. Some will be mailed, and others will be placed in the two post offices and municipal buildings. Town officials have received many comments and suggestions. Attendees briefly discussed the format, whether it was better to make it available in paper copies or online. Some people suggested that preference for either format split along generational lines although there was not complete agreement on this.

An attendee brought up the issue of data reliability, especially in light of problems that have surfaced with the data in ARRA reports. Data reliability and data quality issues are crucial to get acceptance by the public. Another point was that report preparers should engage the staff in deciding what measures to include. Make sure to cover all stakeholders, not just the obvious ones.

Intangible benefits can be derived from developing a CCR. To prepare page one, for example, focus on the entity's mission, vision and strategic plan. Hall's conversations with staff made him think about how to go from a high level to a low level. There is a real need to tie in the financial information to the performance information.

The discussion then centered on how to get feedback on the CCRs.

A public interest group representative at the session suggested allowing report readers to vote on questions posted on the website, such as, "How would you measure how

well your city is doing?" Also citizens can create dashboards and view benchmarks across 14 cities across the state.

Citizens want raw data, attendees said. When Missouri put raw data on its website, it got 6 million hits. Putting information online saves money, as information requests go down, as do printing and mailing costs.

Different states present different kinds of information online very well (sometimes as a result of previous scandals). For example, Illinois is good at showing tax subsidies. The ideal way to provide information is to summarize it, allowing users to drill down as far as possible, say to the financial statements.

The four-page format is a starting point to generate discussion. Then we can see what people prefer later.

How can town officials decide what measures to report? One speaker suggested an online poll asking for votes for a couple of suggested measures, with readers placing their own votes before seeing how others voted.

The workshop concluded with remarks by Van Daniker and Kilmartin.

Postscript: Massachusetts has passed a statutory requirement for this kind of reporting (Sec 14C Ch.7). AGA's Boston Chapter has been helping the state tackle the accountability and transparency policy issue this year. The chapter has put together a team to take the lead on transparency and accountability reporting. The state should complete a prototype by January 2011 with completion by June 30, 2011, the end of the state fiscal year. The legislation is open as to what kind of data should be published. Is it the "grains of sand" detail or a more user-friendly aggregation or something in the middle?

Sacramento, CA, August 31, 2010

The objective of the focus group was to get answers to several questions such as, "What is the focus of public sector reporting today?" and "What does the taxpayer want from public sector financial reports?" To start the discussion, AGA presented examples of public sector financial reports from AGA, the city of Napa, CA, and the state of Nevada. Nevada's two-page ARRA Report followed AGA's Stimulus Reports guidance. The presentations were followed by an open discussion.

This was the second in a series of events planned to gather viewpoints of attendees in various parts of the nation on the state of public sector reporting.

The session began with William Kilmartin, CGFM, president of AGA's Boston Chapter, presenting the objectives and the agenda for the focus group. After the welcoming addresses from Kilmartin and Sue Botkin, president of AGA's Sacramento Chapter, Relmond Van Daniker, DBA, CPA, AGA Executive Director, gave his presentation on AGA's Citizen-Centric Reports (CCRs) and his observations about the state of the practice.

He posed several questions to the group. Why are we doing financial statements? We have never adequately con-

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veyed to the people why it is important to do these financial statements, he said. We keep talking about the discipline it imposes on agencies when they are required to have their financial statements audited. There is discipline in doing them, but we do not explain how much the discipline is costing and who uses the discipline, Van Daniker said. If it comes down to an either/or, the financial statements are going to lose because you cannot justify the cost. Who reads the financial statements? Van Daniker quoted the controller of OMB, who compared the number of hits on the ARRA website-5,000-with the hits for the federal agency audited financial statements-three or four. People would like information but nothing as voluminous as the financial statements. There are two types of users-some want all the information to be put on the web so they can do the analysis; others don't know where to start. They need to find usable information on the web. Van Daniker said it would be interesting to find out what legislators would like to see.

The major underlying reason for producing financial statement information is so people can make decisions. Yet, it is amazing how few people understand municipal finance or financial statements, Van Daniker said. We need to educate journalists to make sure they understand the statements and what they represent. He observed that if we as government officials do not get our message out, other interested parties will, and they may well skew the reports to satisfy their agendas. There is often a perception among citizens that the reports are used for political purposes and therefore the data is suspect, he said.

The reason why nothing has been done before is that there has never been a template that people can use to get started. AGA created a task force of 20 people, representing federal, state and local government and the private sector, and asked what they wanted to see on each page. AGA then developed a template, which states what data should be included on each of the four pages. The CCR is written clearly, with no accounting or financial statements, just pie charts. A reference to where readers can access the audited financial statements is included.

The CCR is an attempt at real transparency, Van Daniker said. Posting masses of data on a website is not true transparency. Different constituencies have different needs. Van Daniker in his presentation referred to a pyramid diagram, where the underlying data (used for the financial statements) would be on the wide bottom part, with increasingly small pieces representing reporting to the financial, legislative and citizen communities. Each successive layer would require reports that are targeted to their interests, with the citizens in the top layer wanting the shortest report, something like a four-page CCR or a two-page ARRA Report.

AGA has created a *Certificate of Excellence* and a *Certificate of Achievement* to encourage governments to produce CCRs. Those that meet the AGA's judging guidelines are included on AGA's website, as is a section on how to construct a CCR at www.agacgm.org/citizen/construct.aspx.

Van Daniker's presentation was followed by a talk by Barry Martin, community outreach officer for the city of Napa and public information officer (PIO) for the Napa River Flood Project. He emphasized that doing a short report like the CCR means you can frame the message the way you want. His experience in radio as a journalist helped in deciding what to include in the report. Napa's report emphasized economic and community development issues, public works, parks and recreation-things that people are interested in, he said. He provided attendees with the April 2010 edition of the Napa Valley Marketplace magazine, which included the State of the City: A Report to Residents for the 2009-2010 Fiscal Year. The city used the magazine as the preferred method of distribution. It goes out to 35,000 households. Martin said the report was prominently mentioned on the magazine cover, which boosted costs to \$6,000, but Napa officials felt it was important. One benefit of using a magazine instead of a newspaper is that the people tend to keep the magazine for a longer period of time.

The PIO should be the agent of transparency in the organization, he said. He learned about the report at a California Public Information Officers (CaPIO) conference two or three years ago. He did some research and followed the AGA guidelines in developing the report. It includes an explanation of why the city did the report and links so that citizens can go online to get more information and sign up to get the city's electronic newsletter. On the website, he uses FAQs as a way of communicating. He has found that if you write the questions in that way, people find it easier to understand. He gave some examples: explaining a budget, explaining what the educational revenue augmentation funds (ERAF) shift is and why it's important, and explaining how the public employee retirement system works.

When you start giving people information, they get interested, Martin said. If you do not give the information, other parties can twist it and mislead citizens. Some time ago, Napa Valley received \$99.5 million for a legitimate and needed flood protection project by the Army Corps of Engineers. Part of the money, \$54 million, was set aside for railroad relocation work necessary for flood protection. Because the project involved elevating the tracks used by the Wine Train, the project was dubbed the Napa Valley Wine Train project and got quite a lot of adverse publicity until he got the word out about what exactly was involved. He also gave the example of the small city of Bell, CA, which had recently been in the national news spotlight because of the high salaries commanded by Bell public officials. Since the scandal broke, five bills have been introduced in the California legislature concerning mandatory public disclosure of compensation information. The Napa website clearly discloses the salaries of the mayor and council members.

In most municipalities, most of the costs are labor costs. Salaries are 78 percent of the budget in Napa. Martin compared the report he did, compiled from information provided by the various city departments, with one he discovered

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from 1955. He was surprised to find pie charts that showed a very similar distribution of costs. The only difference was that the percentages of public works costs and public safety costs had switched, he said.

Napa's report includes pictures, although the AGA guidelines do not encourage that. Napa uses a council-manager form of government. The photographs are of the mayor and City Council because that encourages them to take ownership of the report and make sure that he gets the information he needs to develop the report. He pointed out that there are rules about putting pictures in these types of reports. If it is paid for out of public funds, then it should not include photos of elected officials, unless, as he did, it includes everyone, mayor and council.

Before he started doing the annual report, people were in the dark about spending. Even department managers could not get spending results, Martin said. Now they get quarterly financial reporting.

A discussion ensued about how to determine the questions that people wanted answered, acknowledging that these would change over time. Online surveys were mentioned. Martin has 2,000 people on his e-news list and his website gets 1,000 hits. He makes PowerPoint and video presentations and takes the message to the service clubs. He would like to see the city's CCR featured in the quarterly Parks and Recreation guide in the future.

Martin said he would like future reports to be less cluttered, with more white space. Users are interested in the total budget per fund. In the past, all the focus was on the general fund, although it represents less than one-third of all the money. He wants to get that message across better. He would also like to include comparative charts year to year, although one comment he received on that was, do not worry about the past, we want to know where you are going.

Mary Keating, Office of the State Comptroller, Nevada, described the June 2010 Vol. 4 Nevada ARRA report. It is only two pages long and based on AGA guidelines. Jobs are an issue in Nevada, as unemployment is 14 percent, she said. Officials need to take a complicated issue and put it in simple terms. The budget shortfall is so bad-50 percent in the general fund-that state officials are talking about firing firefighters etc. Keating agreed that either governments tell their own story or someone else tells your story with their own spin on it. One problem is that the stimulus money coming in does not agree with the jobs creation numbers, she said. Only 9 percent of the dollars spent directly translates into jobs. Nevada received \$2.6 million, with \$1.7 million going to Las Vegas.

Political considerations complicate the landscape in Nevada, Keating said. There are twin offices of ARRA oversight, hers in the Comptroller's Office and a one-person office of a representative from the legislature. They try to avoid duplication of effort and instead complement each other. The legislative representative helps the agencies do the ARRA reporting and Keating helps ensure the integrity of the data. All the numbers come from the financials.

The reports follow the same format each quarter but each one highlights different subject matter. The first page shows what was awarded, received and spent. The pie chart was based on the categories the president had set initially. The numbers come from the state financials, the pie chart shows funds awarded and spent using the cash basis.

The second page can differ from quarter to quarter. Keating picks areas that seem to be the topic of the day. The first quarter report highlighted general information; the second quarter focused on transportation projects around the state; and the third quarter focused on public safety. Officials do not print many, as most people look it up online. The governor also has a website with ARRA data and it is a challenge to make sure there are no unnecessary discrepancies between the two websites, she said.

Nevada also issues a Citizen-Centric Report, which meets AGA guidelines and can be accessed at www.agacgfm.org/citizen/completed.aspx.

In the open discussion that followed, various suggestions were made and questions raised about the best ways to get started. Attendees emphasized that it is important to be mindful of the intended recipients and to give them information in a way that is meaningful to their lives. Saco, ME, for example, tells citizens what percentage of their property tax goes to support police, etc. Give the citizens the information that interests them in a context they can understand.

The discussion ended with an attempt to answer the question, "What is holding us back?" Some people believe management, not those below them, should take responsibility. It is difficult sometimes to make the time or get the authority to make CCRs a reality. Attendees suggested that AGA and other advocates make public presentations to get leaders interested.

Attendees agreed that AGA chapters should be used to reach county officers etc. Maybe there should be a national campaign to strongly encourage governments to do it because of the reasons discussed here. One suggestion was to set up CCR chairs in the chapters, and discuss this at AGA's Sectional Leadership Meetings (SLMs). [AGA has now set up Accountability Chairs in the chapters.]

Others commented that while tight resources are a problem, Massachusetts and federal agencies are creating citizen-centric reports. With 88,000 governmental entities in the U.S., AGA needs help getting the message out. Some suggested it could be a possible topic for a controllers' conference. We could encourage a "Keeping up with the Joneses" mentality. If they are doing it, our government should too.

Some of the challenges mentioned at the sessions were: policy; money, the cost of doing it, or the perceived cost of doing it; the risk, like changing the culture; and fear of how the media will react.

Chicago, IL, November 9, 2010

The objective of the focus group was to get answers to several questions such as, "What is the focus of public sector reporting today?" and "What does the taxpayer want

from public sector financial reports?" To start the discussion, AGA presented examples of public sector financial reports. The first was the AGA CCR, *A Report to Our Members Citizen-Centric Report for 2009-2010*. The three others were: the *City and County of Denver Report to the Citizens for Fiscal Year 2009*; the *New York State Office of the State Comptroller for Fiscal Year ended March 31, 2010*; and the *United States Department of the Treasury Franchise Fund for October 1, 2008 to September 30, 2009*. An open discussion followed. This was the third in a series of events to gather viewpoints of attendees in various parts of the nation on the state of public sector reporting.

Thomas C. Dilisio, CGFM, U.S. Department of Labor, and treasurer of AGA's Chicago Chapter, welcomed attendees. Mark H. Howard, management and consulting lead, Finance and Administration, U.S. State/Local Government and Education for Accenture, presented the objectives and the agenda for the focus group and introduced the speaker, AGA Research Director Anna D. Gowans Miller, who gave a presentation on AGA's Citizen-Centric Report (CCR) and provided observations about the current state of public sector financial reporting. The reports were distributed to the attendees, as were the results of a survey commissioned by AGA and published in February 2010, titled, *Public Attitudes Toward Government Accountability and Transparency 2010*. In her presentation, Miller referred to the guidance on Citizen-Centric Reporting available on the AGA website, www.agacgfm.org which is indispensable in developing an effective Citizen-Centric Report. The ensuing discussion was facilitated by Mark Howard.

The League of Women Voters of Cook County reviews Cook County's budget annually and the League's representative offered observations. The representative said Cook County's budget is distributed as an insert to the local paper, the *Sun Times*. Town officials have stopped distributing printed copies, although copies are available upon request. The county makes the budget available online, although it is not searchable. There is an abundance of data, presented in many different forms, and in many ways. Summary charts are presented, as are reports for different user groups, such as the county commissioners. The summaries are pretty good but everything is static, the representative said. The League of Women Voters offers a more user-friendly version of the information on its website.

The average citizen does not read the insert in the newspaper, the representative said. One of the possible reasons for this is the lack of timeliness. The budget starts around December but the data does not become available to the public until summer.

Problems with the Cook County information provided to the public include: out-of-date information, too-small print, difficult access, and many different presentations of the data.

One attendee passed around a copy of a similar budget insert from a local township. Many townships in the area publish their budgets in newspapers, all in tiny print and without context. The focus group agreed that for real trans-

parency, the information or data should be easy to find. The Illinois Treasury makes information on the general fund available, but it is hard to find even if it is online. Information should be provided in the same way as a checking account. The group also agreed that some context should be provided to aid understanding of the relevance of the information and that without transparency there is no real government accountability.

A discussion of the open checkbook initiative followed. Many counties are putting the check registry online and because of the difference in the number of transactions shown, what is easy to understand in your own checkbook is not easy to understand for a county or city. A check registry is more helpful if spending is itemized in a way that people can see every check that is written, attendees said.

In Illinois, publication of the budget ensures compliance with legal requirements. With the Illinois Treasury, only the general fund is required, so only that is provided. This lets readers see the broad picture only and that is a problem, attendees said.

The focus group agreed that this sort of transparency for compliance only may lead to a lack of trust. One gets meaningless information and no help in seeing what is relevant. The entities reporting throw a lot of data out there, but have missed the opportunity to say what is important and why. It is necessary to make data relevant by drawing out the key points in such a way that it becomes meaningful to the average citizen. Officials need to think about whom it is that they are writing for. One can so easily obscure information by burying it in detail. It reminded one attendee of document reviews in law. If you are required to put something controversial in, you put in the middle of 300 or so pages so that most people will never find it.

The consensus was that the open checkbook movement is a step in the right direction, but not a sufficient step.

An attendee asked whether audited reports would be helpful. However, the group thought that audits were only as good as the compliance requirements of the audit. Auditors only look at those areas where you have to comply with requirements, so audit reports would not necessarily give much good information. They would not give quality or outcome information, for example.

One attendee brought up a question of how the public can get access to the audit report. Do they have to file a Freedom of Information (FOIA) request and wait months for the response? The example of Bell, CA, came up in connection to the audit report. The group wondered whether the audit reports had addressed the salary issue at all and decided probably not since audits focus on compliance with procedures. One person said, "We get all these audit reports, A-133, Inspector General (IG) reports, and maybe others, but no one is talking to each other about what is in all the reports." The group thought that it is sometimes a problem for the public to get access to audits. The connection is missing.

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In summary, the first part of the discussion focused on “What’s Missing?”

- Connecting the information so it’s meaningful.
- Taking responsibility, rather than passing it off to other organizations.
- Overcoming the impulse to protect the organization from public scrutiny/criticism.

Attendees discussed changing the culture in government organizations. In the private sector, if you get a report about your stock, you read it and know how it might affect you or apply to you. It is, of course, an SEC requirement to give the stakeholders usable information for investing. Additionally, organizations exist that do provide context, such as Morningstar. There is no such equivalent in state and local government. However, in Illinois, the Civic Federation looks at the budget and whether the entity is being fiscally responsible. The organization is viewed as impartial and fair.

The discussion then focused on “What should we NOT be doing?”

- Don’t accept the culture that says we do not need to do this.
- Don’t focus too much on numbers and oversight.
- Don’t be reactive. Local governments should be proactive, especially in planning and anticipation of challenges.

Finally, the focus group had a brainstorming session to develop ideas to improve financial reporting (including financial condition).

Ideas included:

Considering a Civic Federation model for impartial review/interpretation of budget and fiscal issues. Some sort of rating process could be created that goes beyond a rating for financial condition, as is done today in bond ratings.

Creating repercussions for NOT reporting or being rated. Someone asked whether it should be compulsory. One attendee cited an example of schools in the Chicago area. Schools are required by the School Code to do certain reporting. Often schools do not do this, because they do not know about it and there is no penalty for noncompliance.

Create a simple report on efficiency and results with five or six key metrics. The Illinois Public Interest Group has a transparency website where they tell the story of the financial condition of counties with graphs and trends. It is important to tell the story objectively. What is needed is some sort of simple reporting on efficiency and effectiveness, focusing on results, such as what percentage of property taxes goes to what city or county services, with standard ratios as they do in the public sector. The city of Chicago’s property tax bill shows the percentage of dollars that go to certain services. Providing information in context gives people something that they can relate to. One person brought up items like unfunded pension obligation. If one only talks about this in financial terms, the average citizen

doesn’t care. What about discussing its impact and implications? This entire process of providing context takes time to choose, design, measure and collect the metrics, even before people start working on how to report them.

Create simple standardized metrics on results delivered. Readers should be able to do comparisons, and look at trends over time and over similar entities. Perhaps what is needed is 10-point checklist. The group agreed that governments have delegated what to report to the financial standards-setters and what they provide is not very understandable and therefore not useful to the average citizen. We need to take the accounting statements and have a standard way of evaluating those results. Then we can compare and say, “Here are the reasons for the differences.”

Cut down on audits of the same numbers.

Improve incentives to save dollars and avoid the year-end spending rush.

Better integrate budget with financial reports. The consensus was that this should not be just dollars or numbers but also results delivered. We need to do a better job to tying the budget to the financial reports. Integrating budgetary information with financial information would make the financial reports more interesting to the average citizen.

Encourage citizen review/participation in financial reporting /budgeting. The group was not sure how to go about achieving this but agreed it was necessary to create a bridge between the taxpayer and government. Citizens need to show the government entity what they want so government can provide it.

Create an interactive reporting model. This would probably require a standardized automated reporting system that focuses on core services. The group thought that the citizens should get a chance to vote on what they consider to be a core service.

Nashville, TN, February 24, 2011

AGA Nashville Chapter President Melvin Jones Jr., CGFM, director, Internal Audit and Consulting Services, Department of Revenue, State of Tennessee, welcomed the attendees, encouraging any nonmembers who might be attending the workshop to consider joining AGA and specifically the Nashville Chapter. The Nashville Chapter is one of the earliest of AGA’s chapters and such AGA luminaries as Bill Snodgrass and Frank Greathouse were influential in setting up the chapter. Jones then introduced the first presenter, Melinda K. Parton, CGFM, a past president of the chapter and the director of the Office of Management Services within the office of the Tennessee Comptroller of the Treasury. Parton discussed the Office of Management Services’ *Customer-Centric Report (OMS CCR)*, titled *Customer-Centric Report, Tennessee Comptroller of the Treasury Office of Management Services, FY 2010*.

Parton mentioned that Charles Harrison, CGFM, another AGA luminary and Past National President, had the original idea for establishing the OMS. She emphasized that the title of the report is customer-centric rather than Citizen-

Centric. Although the title that AGA advocates is Citizen-Centric Report, it is important for entities preparing these summary reports to consider their target audience. In OMS' case, the customers are primarily other state employees. The title reflected the target audience, hence customer rather than citizen. The report includes information about their customer base, that is, employees' certifications and years of experience. She emphasized that once the format is established and the report done in the first year, it is much easier the following year. Realistically, though, report development takes about four months. The longest wait is usually for four or five numbers from the financials. They are important, though, because they tie back to the audited financial statements, which makes the information appear more reliable and therefore enhances credibility.

William Kilmartin of Accenture then asked attendees to introduce themselves and state what they wanted to get out of the workshop. He pointed out there are various models of popular reports and AGA's CCR is not the only one. However, AGA has developed it with the help of many interested parties and it has a structured framework and available tools to help the beginner get started. There was an initial discussion about whether it would be more popular if it were more interactive, not static. One example was to use XBRL tagging, as in the CAFR financial statements in the AGA CPAG research study in Oregon.¹¹ In questioning after Parton's presentation, it was confirmed that the Comptroller of the Treasury approves the OMS report prior to its issuance. Asked whether he had an opinion on the balance between success stories and challenges she said certainly he does. Kilmartin said that when he was Massachusetts' state comptroller, he thought that the government was the steward of the data not the owner so whenever there was a request from a citizen for data he provided that data.

There was a discussion on how best to ascertain what your customer or user needs or wants. For this, customer surveys are regarded as a best practice. OMS sent a survey to all employees to ask what they wanted. It was agreed that it is a best practice to identify your audience and find out what they want.

Responding to a question on whom in your audience is most important, Parton replied that OMS reports to the legislature internally as a division within the comptroller's office. So it is the internal people that OMS serves. OMS achieves balance through describing both accomplishments and challenges.

Heather Watson made the second presentation on the experience of the city government in developing citizen-centric reports, specifically *A Report to the Citizens, Metropolitan Government of Nashville and Davidson County, Tennessee, Fiscal Year (FY) 2010*. Watson is in the Department of Finance, Office of Management and Budget, of the Metropolitan Government of Nashville and Davidson County (Metro Nashville). She emphasized that it takes time to develop a good report. The first will probably not be your best. You have to build a rhythm and keep going. The goal of these reports is to inform citizens.

Watson discussed the approach to writing the reports, the genesis and evolution of performance reporting in Metro Nashville's experience, gave advice on some things to do and other things to avoid, and how best to distribute the reports. She emphasized that she did the report with a staff of three or two and a half, including herself. As Watson says, "You have to be creative if you do not have a budget." You have to look at your connections with other departments and see what your distribution leverage is with them, she said. Free coverage is available on Metro 3, a media outlet owned by the city, it has a television channel and has banners with streaming information in public buildings like the Nashville Convention Center.

Watson said the first published performance report was comprehensive, for three years, 1973, 1974 and 1975 and ran to more than 60 pages. Its focus was seven service areas and it had 40 measures. She said that starting in the 1970s, the city and county did a comprehensive report. Then they stopped until about 2003. It used to take a year for two and a half staff to complete. Then they learned about AGA's CCR and were motivated to do it because it was easier to complete. A Trailblazer Grant of \$12,000 was used to improve performance and to develop Citizen-Centric Reports. Part of the requirement of the grant was outreach to the stakeholders, so they conducted surveys and focus groups. In the citizen outreach they discovered that citizens were interested in direct services and whom they could talk to in order to get what they wanted done. Research was done by Watson's team on what other departments were doing to ensure that the coverage in the CCR was appropriate.

One attendee asked, "If in focus group discussions, people say that they are only interested in direct services and contact information and are not interested in a ready-made report, why should we keep doing it?" There were various responses, including educating people about the benefits, providing them consistently over time so that people get used to them. It does take a while for people to get used to them. Portland, OR, is an example of a city where popular reporting has been done for years and the people expect it. Some states have mandated this kind of reporting. The statutory requirement in Massachusetts affected 351 political subdivisions. To get the word out, state officials produced a webcast for all 351. The consensus was, however, that governments must go beyond compliance and make sure the reports are useful to the readers.

One good way of making people aware of the reports is to distribute the reports widely, Watson said. Watson tried get approval from the social services offices and health care department to leave the reports in their waiting areas. However, they would only allow them to be left at check-in and registration desks, as they did not want people throwing them away and making trash.

Watson emphasized that the report has to be approved by the leadership, in this case the mayor of Nashville. In order to get the first CCR published, it included photos of the mayor and made many references to the mayor's

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accomplishments. After the critique from AGA, saying this pretty much cost them the gold star award, staff were able to go to the mayor and ask him if they could do things differently the second time around. He agreed, and the next year the entity received the AGA award. Credibility is an important part of any of these reports, since they are always seen as political statements.

The last presentation was AGA's Miller on the research report, *Public Sector Financial Reporting: What Do Users Want?* It described the findings from the first three focus groups and provided background details on AGA's Citizen-Centric Reporting (CCR) program. During the presentation there was a discussion on whether citizens read the reports that are now available to them. In the Chicago workshop the budget detail provided in the local township newspapers were not very user-friendly and it was difficult to extract meaning and relevance. The people in that workshop made the point that citizens find the budget information undecipherable and therefore don't read it. The Nashville attendees did not all agree with this. In their experience citizens read available information.

It is important that the reports contain something that non-public sector readers can relate to and connect with. Sometimes people don't believe reports from the government, thinking it is influenced by politics. Certain government agencies are better candidates than others for doing CCRs, attendees said. Ones that provide services that the citizenry can relate to, like the Departments of Transportation, Energy and Public Safety are all good candidates. It was agreed that usefulness was the 'sine qua non' of communications. Even if these reports were to be mandated, in order for people to read them, they have to be useful. The ultimate user is the citizen. Sometimes, as in the OMS, it may not be the citizen. The proper audience is the community of stakeholders.

Miller provided details of the guidance AGA makes available on its website for entities that want to develop citizen-centric reports, at www.agacgfm.org/citizen/construct.aspx. She referred to a survey conducted for AGA by Harris Interactive for a few years, on what citizens want from public sector reporting, most recently in 2010. It is available at www.agacgfm.org/poll.aspx. According to the survey findings, the American public feels strongly that government has a responsibility to provide understandable financial information to the public. The results of a previous survey had indicated that public perceptions toward government accountability and transparency were poor, and that traditional forms of communicating financial information to taxpayers were not working. AGA believes that government financial information should be provided in forms that are: clear and understandable; updated regularly and often; delivered to all and easy to locate; and honest in breadth and technically accurate in detail.

An open discussion took place after the presentations.

The frequency of the report is important in terms of it being useful, attendees said. Some suggested CCRs should be done more frequently than annually. Quarterly is proba-

bly a good frequency for the Web, daily is good for "data dumps." If one is going to put the entire database out there, as in the checkbook online approach, it should be refreshed daily, attendees said.

Suggestions were made to make the information more accessible to the general public, including using DVDs, video interviews or webcasts. The city of Nashville uses Metro 3; they often include snippets of performance metrics, anything they think people will be interested in.

One person who works with a couple of special revenue funds asked how they could be made more informative. How do you address negative information? How do you present it? Another talked about how she helps counties with requirements of the Kettering Foundation with state colleges and universities that provide public service work with NASBO. One person mentioned the state fiscal analysis initiative (www.statefiscal.org), which tracks social service programs.

Many different groups encourage reporting to citizens. AGA could work with them on how to improve the reports so citizens can understand the information provided. In addition to GASB and FASAB, these would include the Democracy in Budgeting Initiative, Government Finance Officers Association (GFOA), National Association of State Budget Officers (NASBO), National Association of State Chief Information Officers (NASCIO) and National Association of State Information Resource Executives (NASIREs). A good idea would be to get everyone together to discuss voluntary standards, attendees said.

Charles DeMore is the manager of a total risk management pool that insures 96 percent of cities in Tennessee, providing liability property and workers' compensation. DeMore said that a problem with transparency is that when information is made available in good faith, people may use the information to lowball the bid to get the contract. He asked: If we want to truly encourage transparency, how do you get balance transparency with protecting the integrity of the competitive bid process? How do you determine the scope of what is the proper level of transparency?

Kilmartin summarized the findings at the conclusion of the workshop. There are some questions still unanswered regarding Citizen-Centric Reporting. These include:

- What is the outlook for Citizen-Centric Reporting? Is it sustainable? How do we encourage more entities to develop Citizen-Centric Reports?
- What approach should be taken to encourage more Citizen-Centric Reporting-top down or bottom up?
- How does one maintain a balance between telling success stories and addressing the challenges? Between the report being informative or a political document? How does one ensure that the report's tone is credible to the reader?
- Should Citizen-Centric type reports be mandated by states? The consensus in the Nashville workshop was that they should not be.

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The focus group concluded that transparency in reporting is probably here to stay. ARRA changed perceptions of accountability and transparency. Once people get a taste for information they will probably continue to ask for it. Several states, Nevada for one, do two-page ARRA reports.

The AGA Citizen-Centric Reporting model is only one of several that are available. It has been used successfully by many different entities at all levels of government, federal, state and local. To encourage the continued use of citizen-centric reports, long-term discussions throughout all the states should take place to identify the audiences for these reports, including what they should contain, and what will encourage people to read them.

End Notes

1. Federal Register, Vol. 74, No. 15, Monday, January 26, 2009, *Transparency and Open Government*, Memorandum of January 21, 2009,
2. www.cg.sc.gov/transparency.
3. For more detail on GASB's electronic financial reporting research project, see www.gasb.org/cs/ContentServer?c=GASBContent_C&pagename=GASB%2FGASBContent_C%2FProjectPage&cid=1176156646173.
4. Federal Accounting Standards Advisory Board (FASAB) Financial Reporting Model Task Force Report to the FASAB, *Electronic, Web-Based Financial Reporting*, issued December 22, 2010, www.fasab.gov/pdffiles/2010dec22_financial_reporting_model_task_force.pdf.
5. United States General Accounting Office (GAO), *Accounting and Financial Management Division, The Chief Financial Officers Act A Mandate for Federal Financial Reform*, September 1991, GAO/AFMD-12.19.4.
6. The Chief Financial Officers Act of 1990, Public Law 101-576, Sections 102 b) 3 and 902 a) 7
7. For information on the Baldrige Awards, given to both private sector, nonprofit and government entities, see the National Institute of Standards site, www.nist.gov/baldrige.
8. American Recovery and Reinvestment Act of 2009.
9. He serves also as associate faculty at the John Sperling School of Business, University of Phoenix.
10. Massachusetts Accounts Receivable System
11. CPAG No. 16, September 2008, *XBRL and Public Sector Reporting: Standardized Business Reporting: the Oregon CAFR Project*, available on AGA's website at www.agacgfm.org.



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2208 Mount Vernon Avenue
Alexandria, VA 22301

PH 703.684.6931
TF 800.AGA.7211
FX 703.548.9367

www.agacgfm.org
agamembers@agacgfm.org